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# FINANCIAL TIMES

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## NEWS SUMMARY

### GENERAL

## Safe Labour seats in Europe

Labour could win as many as six of the eight European parliamentary seats in Scotland when direct elections are held next year.

The Boundary Commission's proposals for Scottish constituencies were published yesterday. Four European constituencies in the central industrial belt of Scotland, where more than half of the electorate lives, are almost certainly safe Labour seats. **Back Page**

### Gen. Zia wins

General Zia Rahman won an overwhelming victory in the Bangladesh general election. The rival Democratic Unity Party has alleged rigging and says it will not accept the result. **Page 2**

### West Bank debate

Israel yesterday celebrated the 11th anniversary of its capture of East Jerusalem from Jordan. While the Government debated the future of the occupied West Bank territories in London, Mr. Ron Hayward, Labour Party general secretary, warned that Israel will not live in peace by invading neighbouring territories. **Page 6**

### Express warning

Mr. Victor Matthews says he can afford to close the Daily Express "and might well do so" if there was any major dispute with the print unions. **Page 7**

### Bengali plea

Flats in London may be set aside exclusively for Bengali immigrants. The Greater London Council is to consider a request by 130 Bengali settlers to be housed together. They say they would feel safer from attack. **Page 8**

### Thorpe interview

Investigation of the alleged plot to kill ex-Prime Minister Mr. Norman Scott is believed to be nearly over. Mr. Thomas Hetherington, Director of Public Prosecutions, is to study the result of a police interview with Mr. Jeremy Thorpe, former Liberal leader. **Page 9**

### Drug test

A drug test on the Scotland World Cup winner Willie Johnston has proved positive. If a second test today proves positive he will be banned from the rest of Scotland's games. **Page 10**

### Real ailment

A Bristol barmaid may be Britain's first victim of a new ailment—Real Ale Shoulder. Her doctor said she was suffering from chronic strain of the shoulder fibres since her pub had gone over to real ale. **Page 11**

### 17 killed

Rhodesian security forces have killed 12 guerrillas and six "collaborators" for the loss of one white policeman, according to a defence communiqué released in Salisbury last night. **Page 12**

### Briefly...

Lotus cars finished first and second in the Spanish Grand Prix. Maria Andretti was the winner, closely followed by Ronnie Peterson. Jacques Laffite in a Ligier was third.

Weekly £50,000 Premium Bond prize went to Essex holder of 8YS 036057.

Captain Krystyna Chojnowska-Liskiewicz, the first woman to sail around the world single handed, arrived in Plymouth yesterday.

China has slashed economic aid to Vietnam in retaliation for alleged expatriation of Chinese living in Vietnam.

An earthquake registering 5.5 on the Richter scale hit Vancouver Island yesterday. There were no reports of damage. **Page 13**

### BUSINESS

## Skilled workers hard to find

SKILLED staff are becoming hard to recruit, according to the latest Financial Times survey of business opinion. Industrial companies reported staffing shortages from management and senior grades down to manual labour.

The survey shows that while consumer demand is continuing to improve, the slow recovery does not hold out much hope of an early reduction in unemployment. **Back and Page 28**

Mid-May banking figures published tomorrow will give the City some indication of how successful the monetary policy laid down by the Chancellor has been in the first month of the new financial year. **Back Page**

NATIONAL Economic Development Council, which meets on Wednesday, is expected to discuss overseas investment by British companies, which a NEDO study shows, does not compete with UK investment or damage employment prospects. **Back Page**

WORKER-DIRECTOR proposals contained in the Government's White Paper on industrial democracy paid scant attention to junior and middle management, the director-general of the British Institute of Management has said. **Page 6**

RENAULT motor company has taken swift action against strikes and siting staged by workers at some of the company's factories in France. The company has broken off negotiations on working conditions and careers structure, close to the Elms factory where 400 press shop men are on strike, and taken out a court injunction against a siting by workers at its plant near Rouen. **Back Page**

## Tough line by Renault

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TWO bulk shipping cartels—one for oil tankers and one for dry bulk tankers—will be discussed by world ship owners at the Posidon shipping exhibition in Piraeus this week. The schemes have the support of Scandinavian and Japanese lines, but so far the Greek shipping groups have not given their backing. **Page 3**

CLYDEDECK ENGINEERING, the ship repairing company formed last year with the backing of the Scottish Development Agency, may buy the Greek Neriion Shipyard on Syros. **Page 4**

## Pay deal for New York city

PAY DEAL between the Mayor of New York and union leaders of 225,000 municipal workers is expected to be agreed before tomorrow's Senate hearing on a new federal aid programme for the city. The pay deal will give 8 per cent pay rises and cost the city \$1.1bn. **Page 2**

REGIONAL development grants for mining must be restored if the Cornish mining industry is to survive, the Cornish Chamber of Mines has warned. The warning follows the closure of the Mount Wellington tin mine and the placing on a care-and-maintenance basis of the Wheal Jane mine. **Page 4**

ALCAN ALUMINIUM (UK) shares will be quoted for the first time on the British Stock Exchange today, following the conversion of 100 holders of most of the 9 per cent convertible loan stock. UK shareholders now own 16 per cent of Alcan Aluminium (UK) equity. **Back Page**

IRISH LIFE ASSURANCE achieved record new business sales in 1977, with new annual premiums up 17 per cent to £10.8m and single premium sales doubling to £20m. **Page 26**

## Ford workers to press for 25% and shorter hours

BY ALAN PIKE, LABOUR CORRESPONDENT

The Government was given an important pointer to possible pay problems in the next round when Ford shop stewards decided yesterday to press for minimum increases of £20 per week, equivalent to rises of 25 per cent.

At the same time, two senior TUC leaders demanded urgent action on low pay by setting a minimum wage and moves towards a shorter working week. The Ford pay targets, which emerged from yesterday's meeting in Coventry of 200 shop stewards representing 57,000 hourly-paid employees, are much more ambitious than the "socially responsible" 15 per cent wage claim the unions presented to Ford last year.

A £20 increase would represent a rise of about 25 per cent for the main grade of production worker. In addition, the shop stewards want other costly improvements, including a five-hour cut in the working week, improved holiday and sick pay and better lay-off arrangements. Ford pay negotiations are always important politically because of their pace-setting position at the beginning of the wage round.

Last year, when Ford settled for 12 per cent, the Government was faced with the first really crucial test of how rigidly it was going to implement its 10 per cent guidelines and sanctions policy.

This year the negotiations, which are normally concluded in October, could be taking place during an election campaign.

### Profits

Shop stewards at yesterday's meeting argued that £20 increases were necessary to restore lost purchasing power and improve living standards. They also drew attention to the greatly improved financial performance of the company—profits this year rose from £12.6m in 1976 to £24.1m pre-tax.

In another development, Mr. Alan Fisher, general secretary of the National Union of Public Employees, yesterday demanded that the Labour Party commit itself to a £50 per week minimum wage with a shorter working week.

NUPE would, he said, fight for a clear commitment to these priorities in the Labour Party's election manifesto. "We have set ourselves a target figure which we believe to be justified and right," he told the union's 50th anniversary festival in

## Financial system 'equal to oil funds challenge'

BY NICHOLAS COLCHESTER

THE FINANCIAL system in Britain proved equal to the challenge of financing North Sea oil. It solved some daunting problems, sometimes with the assistance of Government, and left no signs that shortage of finance had held up development. This is the conclusion of a working party of the Wilson committee, set up to study the performance of the financial institutions in this field.

Led by Professor A. D. Bain, of the University of Strathclyde, this working party has produced a report—published today—which describes the magnitude and nature of the problems of financing the development of North Sea oil resources. With the aid of case studies, it shows how the financial institutions showed considerable ingenuity and innovation in making funds available to some of the borrowers and in seeking out opportunities for involvement in oil-related activities.

The working party found that judicious Government intervention had played a very important part in furthering UK participation in the development of North Sea oil. In particular, it says that the assistance of Government, in the form of a Department of Energy, with its requirement for "full and fair opportunity" for British companies wishing to participate, was a "major catalyst".

On the financing side there was "little need for direct Government financial involvement". The Government did, however, facilitate the supply of finance from private sources. In advance of legislation, it gave banks the assurances that were needed for loan packages to be put together. It also guaranteed one major loan—the development money borrowed by Tricent.

The report notes that in face of the considerable expertise in oil matters of the American banks and oil companies, some British institutions—clearing banks, merchant banks, investment trusts, insurance companies and stockbrokers—"did not wait upon events but consciously set out to acquire expertise and to become involved themselves."

Without the decisive moves of certain clearing banks to build up oil departments, British presence on the Continental shelf would have been much smaller, the working party found. It observed that the North Sea has helped UK banks acquire a "more international and sophisticated outlook which is already generating invisible earnings."

UK banks are in a position to deploy their skills elsewhere in the world, it says, and seem to be some distance ahead of their European and Japanese competitors.

The working party also compiled statistics which put the British oil financing requirement into perspective.

## UK may build hybrid reactor

BY DAVID FISLOCK, SCIENCE EDITOR

BRITAIN'S first pressurised water reactor could be a hybrid, put together from key components designed in different countries.

The electricity supply industry believes that in this way it might most easily meet the requirements of the Government's safety inspectors and perhaps more significantly, political objections to the purchase of a foreign reactor design.

It would be argued that the hybrid would be a British reactor designed to British specifications for performance and safety, but drawing on some of the most advanced nuclear engineering of the U.S. and Europe.

The Government has already endorsed a decision of the electricity supply industry to prepare for an order for Britain's pressurised water reactor early in the 1980s.

The most obvious disadvantage of the hybrid approach is that the industry might have to sacrifice the wholehearted support of the major overseas reactor supplier, such as Westinghouse Electric or Kraftwerk Union. But Parliament might find this approach to a basically U.S. reactor concept easier to stomach.

The electricity supply industry has already commissioned Nuclear Power Company to draw up a shopping list of the features required in a British reactor and in try to match them against the specifications of existing designs for pressurised water reactors, gas reactors, fuel and containment.

How it might undertake the construction of a pressurised water reactor station is still an integral part of discussions about the future of the nuclear design and construction industry.

Lord Aldington, chairman of the National Nuclear Corporation—of which Nuclear Power Company is the operating arm—has been having discussions in Britain and overseas in the search for a new way of managing reactor construction.

The present two-tier management structure, instituted by the Government in 1974, has proved unsatisfactory. The electricity supply industry has expressed dissatisfaction with the way GEC—chosen by the Government as supervisory manager—has exercised this role, and wants the role abolished.

The way in which the industry is reshaped will determine the content to which it will be prepared to delegate project management for its new nuclear stations.

Given a sufficiently strong organisation, the industry might be willing to place virtually "turnkey" contracts for the new stations, and to restrict the large engineering team at Barnwood to the role of ensuring that it is "an informed buyer."

## Dispute over BTR £25m bid

BY MARGARET REID

A DISPUTE blew up last night about a \$45m (£25m) bid approach from BTR, the British engineering and transport group, to Worcester Controls Corporation. The U.K. concern which owns the UK valve maker, Worcester Controls, has said that Mr. Eric Norris, who with his brothers Kenneth and Lewis runs Worcester Controls and owns 13 per cent of the shares in the U.S. group, said the approach envisaged a price of \$30 a share, conditional on acceptance by larger holders with 30 per cent of the shares.

Mr. Norris said he and his brothers were disturbed about the position. The first they had known about the attempted takeover was by telephone from the U.S. late on Friday afternoon.

At a talk on Saturday with Mr. Owen Green, managing director of BTR, he had been told it would not be possible to postpone a time limit for acceptance set at 3.30 p.m. today.

Mr. Norris, who is finance director of Worcester Controls, said that in the opinion of the British management, sufficient time has not been allowed for the offer to be appraised or alternatives considered. He believed other companies, not necessarily American, would be willing to pay a higher price.

Last night Mr. Green said: "I have no comment in the circumstances."

Worcester Controls Corporation shares are quoted on the American Stock Exchange at \$19. There are just over 1m shares in issue, and the larger shareholders include Mr. R. C. McCray, the president, and other directors of the U.S. company.

Mr. Eric Norris and his brothers are all vice-presidents of the American group.

Worcester Controls in the U.K. claims to be the largest manufacturer of ball valves and quarter-turn actuators in the U.K. and Western Europe. It employs about 1,000 in British factories.

Sales of the company in Britain and Europe for the year to August 1977, totalled \$77m, accounting for more than half the Worcester Controls Corporation group's total turnover of \$131m.

The Norris brothers designed both the Bluebird boat and car in which the late Donald Campbell broke world speed records on several occasions.

## Cuckney to head Thomas Cook

BY MARGARET REID

Sir John Cuckney, knighted in Saturday's Honours List, is expected to become chairman of Thomas Cook Group, the travel business wholly owned by Midland Bank.

Sir John, chairman of the Crown Agents as well as of the Port of London Authority, was chosen as a director of the Midland Bank at a Board meeting on Friday, although this has not been announced.

A banker and industrialist, he has guided the Crown Agents since October, 1974, towards recovery after losses of more than £200m on secondary banking and property, from which the agents are disengaging. He is to give up this role, after four years, in October.

Sir John 52, has been chairman of the Port of London Authority since last year, in which capacity he gave a warning that the port could be heading for bankruptcy unless adequate remedial action was taken.

His grappling with the problems of the Port of London has further entrenched his reputation as a trouble-shooter which first developed when he was called in, from 1970 to 1972, to handle the difficulties of the problem-ridden Mersey Docks and Harbour Board.

At Thomas Cook, Sir John will succeed Sir Alan Walker, the former chairman of Bass Cleington who died suddenly in January and was a director of Midland Bank.

### Difficulties

Thomas Cook went through a difficult time in the competitive travel industry when it incurred a loss of £1.1m in 1976. In 1977 it had recovered to show an after-tax profit of £2.6m.

Midland Bank bought out the minority interests of Trust Houses Forte and the Automobile Association in Thomas Cook in March, 1977, to obtain full ownership of the travel concern.

Because Sir John's chairmanship at the Port of London Authority is part-time, he will clearly have time available to play an active role in the Midland Bank group, although not holding a full-time executive position there. In due course, this could extend to other duties which might include some part in the development of the business of the bank abroad, where his experience of the Crown Agents' large overseas business would be relevant.

Sir John is bound to be thought of in the City as a possible successor to Lord Armstrong, the Midland Bank's chairman.

## France takes firm line on Africa policy

BY ROBERT MAUTHNER

PARIS, June 4.

FIVE Western nations will meet here tomorrow to discuss co-ordination of their African policies in the light of growing Soviet and Cuban intervention in the continent's affairs.

The meeting of senior officials from the U.S., the UK, France, West Germany and Belgium was arranged during last week's NATO ministerial meeting in Washington, where the tense situation in Zaïre was discussed at length.

This was also one of the main items in talks between President Jimmy Carter and President Giscard d'Estaing of France a few days before the NATO council meeting.

It seems the participating countries are not agreed on the agenda of tomorrow's talks. The U.S. and Britain want most of the emphasis put on joint efforts to provide economic aid to Africa and particularly to Zaïre, whose economy has taken a hard knock following the fighting in the mining town of Kolwezi and the evacuation of foreign engineers and technicians.

Mr. Cyrus Vance, the U.S. Secretary of State, said at the end of last week that tomorrow's discussions should be seen mainly as a preparation for a meeting in Brussels between Zaïre and its creditors on June 12 and 14, when the economic stabilisation plan drawn up by President Mobutu's government will be examined.

Mr. Hodding Carter, the U.S. State Department spokesman, went further than this when he admitted that the stability and security of Africa "are also one of the main items on the agenda."

It is clear that France, which sent a force of paratroopers to rescue the European population of Kolwezi, will not allow the discussions to be restricted to economic problems for personal reasons.

France is the Western country with the greatest military commitment to Africa. It has about 12,000 troops stationed in Africa. The French troops who will be flown back to bases in France.

## German liberal setback

BY JONATHAN CARR

BONN, June 4.

THE WEST German liberal Free Democrats (FDP) suffered a sharp reverse in the provincial elections today, falling below the 5 per cent margin of voters' support needed for parliamentary representation.

The liberal failure in the city-State of Hamburg and in the neighbouring State of Lower Saxony seems bound to have repercussions at federal level, where the FDP is in coalition with Chancellor Helmut Schmidt's Social Democrats (SPD).

Not only will the reverse shift the balance of the Bundesrat—the Upper House of Parliament grouping representatives of the 16 German States—still more strongly in favour of the opposition Christian Democrats (CDU), it also raises the question whether the FDP will remain in existence in the medium-term as a parliamentary force available for coalition with either of the two big parties.

According to late-night computer estimates, the liberals gained 4.7 per cent support in Hamburg and 4.3 per cent in Lower Saxony. Previously they had gained 10.9 per cent and 7 per cent respectively.

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## OVERSEAS NEWS

## Portuguese financial delegation goes to U.S.

By Jimmy Burns

LISBON, June 4.

A PORTUGUESE delegation led by Dr. Vitor Constancio, the Minister of Finance, and leading representatives from the Bank of Portugal, left today for the U.S. In spite of continuing reluctance by the Portuguese authorities to reveal publicly any details on the trip, Dr. Constancio confirmed on Friday night that the ultimate purpose of the mission was to raise loans of \$500m. less than the \$700m which had been optimistically forecast by some unofficial sources here.

Dr. Constancio was hoping that the loan will eventually be around \$500m. less than the \$700m which had been optimistically forecast by some unofficial sources here.

Dr. Constancio's delegation will first spend a few days in Washington awaiting formal approval of the Portuguese Letter of Intent by the executive council of the International Monetary Fund. It will then leave for New York to join leading representatives of major Portuguese banks, including the Banco Portugues do Atlantico, Banco Esprit Santo, and Banco Pinto e Sotto Mayor, who will be negotiating with leading U.S. commercial banks.

The Portuguese authorities are hoping that borrowing from the Euro market will ease pressure on reserves. The Bank of Portugal on Friday denied newspaper speculation here that it had been selling gold in recent weeks in settlement of short-term credits during last month.

Normalisation of diplomatic relations between Portugal and Angola, interrupted two years ago, appears to have been placed on a firm basis with the arrival here yesterday of the first Angolan Ambassador to Portugal, Sr Adriano Joao Sebastiao. On his arrival at Lisbon airport Sr Sebastiao said that there could soon be a meeting between President Ramalho Eanes, of Portugal, and President Agostinho Neto, of Angola, in a "Portuguese speaking country."

Meanwhile, Sr Basilio Horta, the Portuguese Minister of Trade, confirmed on Friday that he would lead a delegation to Luanda next month aimed at increasing commercial links between Portugal and Angola.

Relations between Portugal and her former African colony were marred in 1976 when a representative office in Oporto of Angola's MPLA party was burnt down.

## Carter prepares to dispel foreign policy confusion

BY DAVID BELL

WASHINGTON, June 4.

MR. CARTER is to make a major speech on Wednesday in a fresh effort to dispel the confusion that now surrounds his Administration's attitude towards the Soviet Union.

Officials said this weekend that the President's speech will be among the most important he has made. For some weeks, but particularly in the last 10 days, senior officials have been sending conflicting signals about U.S.-Soviet relations, a process which culminated on Friday with a newspaper report that the Administration had effectively frozen further talks on strategic arms limitations for the time being.

After the President's unusually vehement denial of this report, it has emerged here that a week ago Mr. Andrei Gromyko, the Soviet Foreign Minister, caught the Administration off guard with a proposal that both the U.S. and the Soviet Union should ban all nuclear land-based intermediate range missiles. If accepted, the President's speech is doubly important because for some time he has seemed unable

to decide between the view of Dr. Zbigniew Brzezinski, his national security adviser, that the Russians are taking advantage of U.S. weakness in Africa and elsewhere, and the views of Mr. Cyrus Vance, the Secretary of State, and others.

The latter argue that irrespective of Soviet activities in Africa and elsewhere the process of détente is too important to risk destroying it, at least as long as there is still a possibility of a significant agreement on strategic arms.

According to reports this weekend, SALT talks were very close to a successful conclusion before Mr. Gromyko's unexpected proposal. A key remaining obstacle, the Soviet Backfire bomber, has yet to be turned, but it is thought that Mr. Carter and President Leonid Brezhnev could overcome it in a personal meeting. When, or whether, such a meeting will be held remains an open question.

Editorial Comment, Page 16

## Resignation may follow Schleyer search report

By Jonathan Carr

BONN, June 4. HERR WERNER MAIHOFFER, the West German Interior Minister, seems bound to come under increasing pressure to resign after the release at the weekend of an official report on the hunt last year for the industrialist, Dr. Hans Martin Schleyer, and his terrorist kidnappers.

The report finds that lack of co-ordination between political and police organisations meant that a "hot tip" received during the hunt was not followed up promptly.

The report, prepared by a former Minister, does not criticise by name either Herr Maihofer or Herr Burkhard Hirsch, the Interior Minister of North Rhine-Westphalia, the state in which Dr. Schleyer was captured.

But the nature of the recommendations and the exposure of errors during the hunt are widely seen as criticism of both men. Both are members of the Free Democrat Party which is in coalition with the Social Democrats in Bonn.

Herr Maihofer is already under fire—not only from the Opposition but from some members of the SPD over another case involving the federal border authorities, which came within his portfolio.

## Andreotti asks banks to help chemical industry

BY PAUL BETTS

ROME, June 4.

ITALY'S Government asked the country's banking system this weekend to extend new credits to the chemical industry, to avoid the threat of closures and widespread lay-offs in the depressed south.

The appeal was made after the meeting of an inter-ministerial committee for economic planning, presided over by Sig. Giulio Andreotti, the Prime Minister. Earlier the financially troubled Societa Italiana Resine (SIR) chemicals group announced the progressive closure of a number of its plants in Sardinia. If carried through, the closures could have serious repercussions in the island, where 100,000 people are out of work already.

There are fears that other large chemical groups, facing their worst crisis since the war,

could also announce closures, which would hit the south particularly.

The crisis has been precipitated by the decision of the banks to stop advancing fresh funds to chemical groups, whose losses have now reached extraordinary proportions. Montedison, Italy's largest chemical conglomerate, lost last year £500m (more than £300m) and its accumulated debts amounted to £3,400m (£2,400m).

The political consequences of mass lay-offs has forced the Government to intervene. The Christian Democrat minority Government, which is to hold talks this week with the other main parties on the crisis, says the much overdue reconstruction programme for the industry will be published later this month.

## Desai to visit Europe and U.S.

NEW DELHI, June 4.

MR. MORARJI DESAI, the Indian Prime Minister, begins a visit to Europe and the United States tomorrow.

The 52-year-old premier flies to Belgium via Tehran, where he will stop for an hour's talks with the Shah. In Brussels he will have talks with the European Commission, representing India's major trading partners, before flying on to London 24 hours later for a two-day visit.

During an eight-day stay in the U.S. Mr. Desai will address the UN Special Session on Disarmament and have talks with President Carter.

The Christian Democrat minority Government, which is to hold talks this week with the other main parties on the crisis, says the much overdue reconstruction programme for the industry will be published later this month.

## Sweeping victory for Bangladesh ruler

By Simon Henderson

DACC, June 4.

Major General Zia-ur Rahman, the military ruler and President of Bangladesh, won an overwhelming victory in the Presidential election yesterday, gaining about 80 per cent of the votes cast. But his main opponent, retired General M. A. G. Osmani, has alleged that large-scale rigging took place and a spokesman for his Democratic Unity Front has said it will not accept the result.

By early evening with over 95 per cent of the results announced, General Zia was leading with 15,041,540 votes as against 4,136,289 for General Osmani, his former superior and ex-head of the pre-independence liberation forces.

Of the other candidates the highest number of votes gained was by Hakeem Khan Khairuddin Ahmed, with just over 72,000.

The turnout for the poll, seen by observers as an attempt by General Zia to further legitimise his rule, was only about 52 per cent from a potential electorate of 38m.

Both General Zia and General Osmani were leading six-party coalitions including Left and Right groups, and the month-long campaign focused on the issue of whether the presidential system of government should be retained or whether a parliamentary system should be revived.

To this end General Osmani had been planning to resign almost immediately if he had won. The rigging allegations included claims that Osmani supporters had been threatened with guns and ballot boxes had been stuffed with fictitious votes.

General Osmani's Democratic Unity Front has filed a complaint with the Election Commission but today the Chief Election Commissioner, Mr. Justice A. K. M. Nurul Islam said it was baseless.

General Osmani is expected to address a Press conference tomorrow after meeting with the party leaders of his coalition. General Zia will hold a Press conference tomorrow evening.

The polling yesterday in Dacca and the surrounding districts appeared to take place calmly, though some correspondents reported that later in the day they had met scenes of near chaos in two polling stations.

Final results from outlying areas are not expected until Wednesday or Thursday. The turnout for the poll is substantially less than the 88 per cent who voted in last year's referendum when people were asked to choose their support for General Zia's rule and gave a 98 per cent endorsement.

## Lebanese army may enter south

BY LOUIS FARES

DAMASCUS, June 4.

MORE THAN 3,000 Lebanese regulars will enter southern Lebanon in the second half of June if Israeli forces withdraw to the geographic borders on June 13 as scheduled by the Israeli Government.

The Government daily, Al-Thawra, quoting observers in the Lebanese capital, said: "Although no date has been fixed so far for the entrance of Lebanese troops into south Lebanon—as decided by Presidents Hafez Assad of Syria and Elias Sarkis of Lebanon during their 24-hour meeting in Latakia earlier this week—these troops have been ordered to move south."

The Syrian leaders, however, are expressing publicly their fears that "Israel is stalling for time" and may not withdraw completely from the area, if this is the case, the joint Syrian-

Lebanese plan "to assure legitimate authority of the Lebanese legal government in the whole south" will be jeopardised.

Syria has received assurances from the leadership of the Palestine Liberation Organisation (PLO) that the Palestinians have agreed "to co-operate with the new decisions." The head of the PLO's military department was quoted in the same paper: "The PLO can assure control over 90 per cent of the guerrilla, and it is not acceptable that the PLO troops stationed in south Lebanon be harassed."

L. Daniel reports from Tel Aviv: The Israeli authorities may have to reassess their view of a Syrian military presence closer to the Israeli border following the Assad-Sarkis agreement. In the past, Israel has objected to Syrian troops being

close to the "red line" of the Litani river.

Issam Hijazi adds from Beirut: Palestinian guerrilla leaders are currently engaged in top-level contacts aimed at reorganising the entire military structure of the movement and the relationship of the eight main commands.

Mr. Yasser Arafat, chairman of the Palestine Liberation Organisation, told a rally here yesterday the proposed reorganisation will take into consideration the experience acquired in fighting the Israeli army when it invaded southern Lebanon in March. He did not give details.

The main guerrilla group, Fatah, which is also headed by Mr. Arafat, is said to have proposed that the guerrillas in Lebanon be brought into one "People's Army" under a central military command.

## NYC pay deal expected before Senate deadline

BY JOHN WYLES

NEW YORK, June 4.

MR. EDWARD KOCH, mayor of New York, and union leaders representing 225,000 municipal employees are confidently predicting today that they will reach agreement on a new pay deal before Tuesday's crucial Senate hearings on new federal aid programme for the city.

After parting in deadlock on Thursday, the two sides are meeting this evening to put the finishing touches to a two-year contract giving 9 per cent pay rises and costing the city a total of \$1.1bn.

It appears that Thursday's "collapse" of the pay talks was a piece of theatre by the mayor who was anxious to preserve the hard-line, tight-fisted reputation with which he was elected last November.

The mayor has had to make a number of concessions to secure a possible agreement. He has almost certainly conceded more in pay rises than he would have wished and he has failed to obtain the \$100m a year in special payments which he wanted the unions to renounce. The mayor could argue before the Senate banking committee on Tuesday that the municipal

pay contract is within the city's limited financial means. It remains to be seen whether Senator William Proxmire, the committee's chairman, who opposes any more financial help for New York City, and his colleagues can be convinced that the pay negotiations have been an exercise in fiscal responsibility.

Without a pay deal there would be very little prospect of congressional approval for a new federal aid programme before the existing aid package expires on June 30. In contrast to this programme, which has provided the city with \$2.5bn of seasonal loans repayable at market rates of interest within 12 months, the new federal proposals would provide only guarantees for up to \$2bn over a 15-year period.

The city's capital requirement for the next four years is \$4.5bn, \$2bn of which it hopes to secure from state and union pension funds with the help of the Federal Government guarantees. In addition New York City banks and savings institutions have promised to buy a further \$1bn of bonds issued by the Municipal Assistance Corporation, without any federal guarantee.

## 'Bhutto in exile' proposal

BY ANDREW WHITLEY

TERRAN, June 4.

PAKISTAN'S military rulers are prepared to allow Mr. Zulfikar Ali Bhutto, the former Prime Minister to go into exile, on certain conditions, according to a report in an Iranian newspaper. Mr. Bhutto is at present appealing against the death sentences passed on him more than two months ago.

Emisaries from Pakistan are said to have been sounding out Khalid of Saudi Arabia, though it is not known a guarantee that, if Mr. Bhutto is exiled, he will stay out of

politics for 10 years.

In a report from New Delhi, Kayhan International, says General Zia, who hopes to secure the guarantee of the guarantee of two Heads of State will be necessary to prevent the death sentence being carried out.

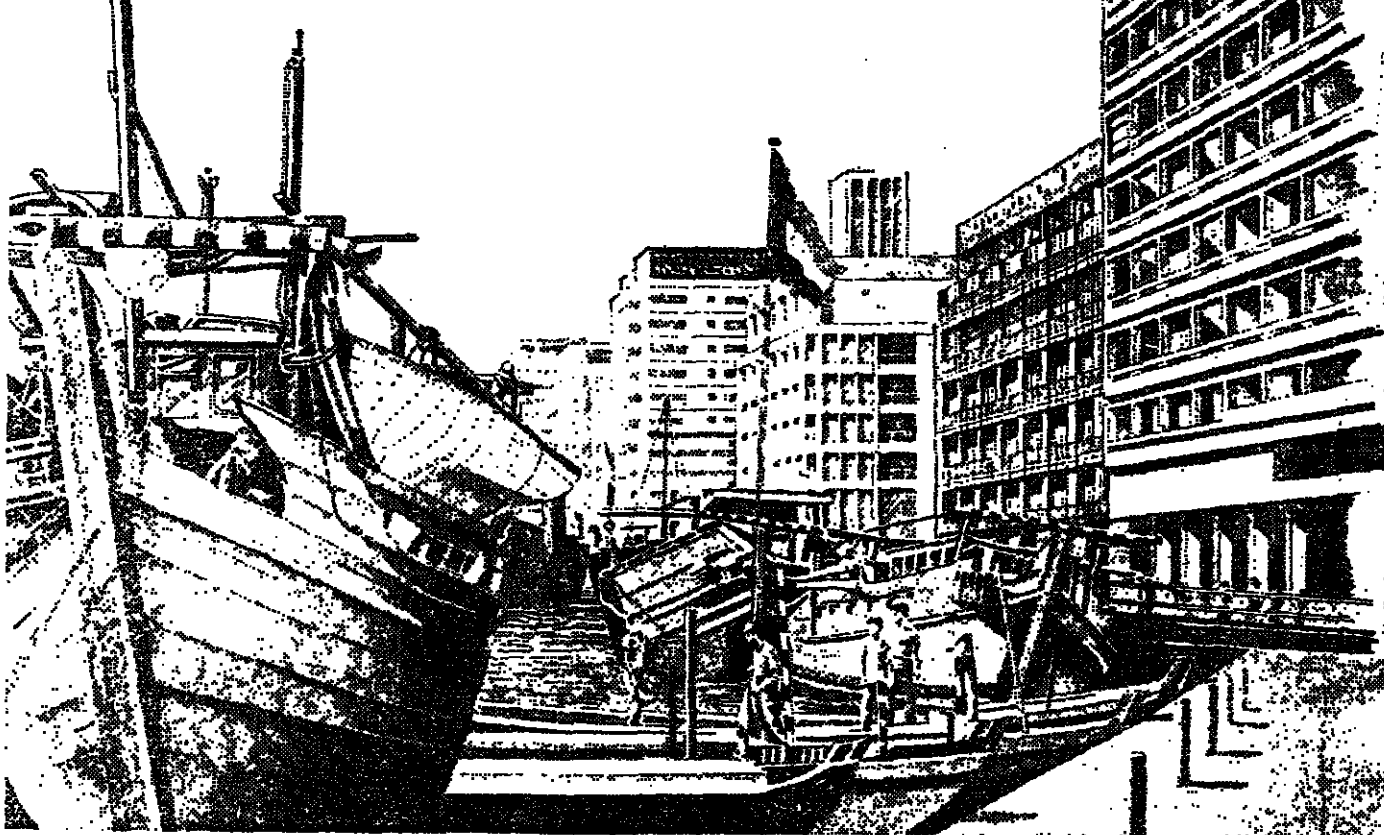
Diplomatic sources here say the most obvious candidates for this role are the Shah of Iran and the King of Saudi Arabia, though it is not known if they would be willing to become involved.

The official statement said it was anticipated that the envoys would spend up to two weeks in Rhodesia. The fact that there is remarkably little interest in the visit reflects Salisbury's continuing belief that the only chance of a remotely peaceful hand-over to majority rule lies with the internal settlement.

A Defence spokesman said Rhodesian security forces had killed 15 guerrillas and five "collaborators" for the loss of one white policeman.

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## Amro Bank now in Dubai



The Amsterdam-Rotterdam Bank N.V. (Amro Bank), the leading commercial bank in Holland, now has a branch in Dubai, United Arab Emirates, with Mr. Alex Gillies as General Manager and Mr. Hans ten Cate as Assistant General Manager.

Amro of course has been providing its commercial and investment services for quite some time in the Gulf Region. But with trade and investment increasing—in an area where personal contacts are of crucial importance—Amro now intends to extend its services through a local branch.

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amsterdam-rotterdam bank nv  
Head Offices: 595 Herengracht, Amsterdam, Telex 11008  
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Branches, subsidiaries or representative offices in Antwerp, Caspaco, Dubai, Jakarta, London, Tokyo and affiliates in 21 countries.

## Some new figures on the international banking scene

Balance Sheet December 31, 1977		KD*	
Shareholders' Equity and Liabilities		Assets	
Authorised and issued share capital— 10,000,000 shares of KD 1 each:		Cash and current accounts with banks	8,546,653
Government of Kuwait	5,100,000	Money at call and short notice	7,144,423
Private	4,900,000	Quoted investments at the lower of cost or market	1,660,800
Less: Shares not allocated	65,049	Deposits with banks and other financial institutions	100,964,193
Issued and fully paid share capital	9,934,951	Advances to customers, bills discounted and other accounts	42,699,641
Statutory reserve	70,423	Unquoted investments at cost	757,422
Voluntary reserve	567,170	Total Assets	161,752,882
Unappropriated profit	66,634	Customers liabilities on confirmed credits, guarantees, and acceptances (as per contra)	14,265,075
Total Shareholders' Equity	10,639,178		
Current deposit and other accounts including contingencies	151,115,704	Total Balance Sheet	176,017,957
Total Shareholders' Equity and Liabilities	161,752,882		
Liabilities on confirmed credits guarantees, and acceptances (as per contra)	14,265,075		
Total Balance Sheet	176,017,957		

\*At the end of December 1977, KD equalled \$3.56.

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we have managed to gear ourselves to providing a full range of international banking services; including foreign exchange dealing, deposit trading and financing transactions directly connected with Kuwait's foreign trade. Plus, of course,

managing and participating in local Euro-currency loans, credits and bond issues. On the domestic scene, you might think it worth noting that our ownership makes us a bank worth knowing. We are 51% owned by the Government of Kuwait and the other 49% is owned by 314,527 yes, 314,527 Kuwaiti citizens.

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Cables: Burgan Bank  
Telex: Dealing Room  
2730-2767/3105  
General: 3309



WORLD TRADE NEWS

Iran ordnance deal will bring UK £400m orders

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

BRITAIN'S MECHANICAL engineering industry will collect orders worth around £400m over the next year for plant and machinery for the Iranian ordnance industry, it is claimed.

Some industry sources suggest that the complex will require at least £100m of machine tools alone from the UK.

Discussions about the deal have been going on for about three years but the way was cleared for a final go-ahead with the signing of a protocol agreement in Tehran on May 10.

Now UK industrialists expect Milbank Technical Services, the contractual arm of the Ministry of Defence, to start placing contracts possibly within weeks and certainly in only a few months' time.

The complex will turn out a wide range of ammunition as well as spare parts (such as gun barrels) for Iran's Chieftain tanks. Informal estimates of the cost put it at around £770m.

Completion will probably take three to three and a half years.

The UK will also benefit from the civil engineering contracts to be placed as the Wimpey-Lang consortium seems likely to get the lion's share of that business.

The delay in the project - if it has gone ahead as originally planned - it would have coincided with the depths of the recession in the UK mechanical engineering industry.

It was the question of payment that has held up almost certain that Iran will not pay cash but

Renault may double capacity in Turkey

BY TERRY DODSWORTH

RENAULT, THE French motor group, is considering plans to expand production at its associate company in Turkey to more than double its present capacity of between 40,000 and 50,000 units a year.

The Turkish concern, Oyak-Renault, in which the French company has a 41 per cent stake, would like to develop on the basis of its present R12 production into manufacturing the new R18 in two to three years time.

A detailed programme has been worked out with a view to putting this into the Turkish Government, which controls the industry through licensing agreements, towards the end of this year.

But before taking this step, Renault will almost certainly press for Turkish commitments on remittance of royalties and relaxation of price controls.

The problem facing both the company and the Government at the moment is that Turkey is in a balance of payments crisis. This makes the future for investments in the country uncertain, while putting a damper on any plans for development likely to suck in more imports.

On both counts the Renault project will cause difficulties. Renault has to have some assurance that it will be paid for its services and parts exports, while any development is bound to demand the import of more foreign machinery.

So far, however, Oyak-Renault has managed to overcome the crisis by keeping its plants working at almost full capacity of about 130 cars a day. It has managed to do this by arranging

Chinese mission shows keen interest in British industry

BY COLINA MACDOUGALL

FOLLOWING THE success of the British steel industry in gaining invitations from the recent Chinese mission to visit China there is considerable interest in the outcome of Peking's other industrial delegation led by Ku Ming, Vice-Minister of the State Capital Construction Commission which has spent over two weeks in Britain last month.

Ku Ming had an extremely successful meeting with Dr. David Owen, Foreign Secretary, and also held discussions with the Secretaries for Trade, Energy, Transport and Agriculture. His delegation toured British coal mines, ports, power stations, railways, petrochemical plants and oil installations, specifically to examine advanced technology.

To cover the widest possible ground, the mission split up into three parties for two weeks of the tour. However, the whole mission took part in the trip to the advanced gas cooled reactor plant at Hinkley Point "B" power station which the Chinese had particularly requested. They were also interested in the organisation and management of the electricity supply industry, the handling of the fluctuations in demand and the comparative costs of oil, coal and nuclear power generation. Since the present Peking leadership came to power in 1976 its official Press has frequently pointed out the inadequacy of its own power industry.

Vice-Minister Ku's group visited the National Coal Board's research and development establishment at Stanhope Brethby, where they were particularly interested in the use of computers and remote control, especially the automatically regulated decanting of coal onto conveyor belts for delivery direct to nearby power stations. China has already bought large quantities of British mining equipment, and Peking's Foreign Trade Minister said on his visit here last autumn that it intended to do so again.

Mr. Ku's tour also included IMI Titanium at Birmingham where he visited the production plant and held a question and answer session with members of the main IMI Board. The Chinese are thought to be particularly interested in titanium processing because of its use in aero engines, particularly in the Rolls-

Afghan tractors sale

BY OUR INDUSTRIAL STAFF

FARM MACHINERY worth nearly £2m, is being supplied to Afghanistan by Massey-Ferguson, mainly from its UK plants, under two contracts which the group says were won in the face of intense international competition from virtually all other major manufacturers.

The first order for tractors and implements worth nearly £2m, has been financed by the World Bank's International Development Agency and is from the Afghanistan Agricultural Bank. It includes 400 MF135 tractors made at the Coventry plant and matched sets of implements to be supplied from the UK and three other countries.

The equipment will be offered by the Bank with credit arrangements for purchase by individual farmers.

The other order has been placed by Afghan Seeds Company and involves the supply of 26 Coventry-made MF135 tractors and 13 MF520 Super II combines made at the Kilmarnock, Scotland, plant, together with a quantity of implements and other machines.

The deal, worth over £700,000 and funded by the Asian Development Bank, will provide equipment for four farms which the seeds company operates in the Kandahar area.

Apart from one other MF machine supplied last year, these are believed to be the first combines made in a Western country to be sold to Afghanistan for at least ten years.

On both contracts M-F will provide the Afghan authorities with a substantial programme of training support in the management, operation and maintenance of the equipment.

Pressure for bulk ship cartels

BY IAN HARGREAVES

PRESSURE FOR forming two separate cartels in the bulk shipping markets will be the main item for behind-the-scenes discussion among ship owners at this week's Posidonia Shipping Exhibition here.

Of the two, the oil tanker scheme, known as International Tanker Services, is the closer to fruition and relies for its progress on support from key Greek owners.

It originated in Scandinavia, where owners took the first shock wave of the tanker market collapse in 1974-75 and some of the Scandinavian owners will

Pressure for bulk ship cartels

among those attempting to tie up an agreement here this week.

The scheme's originators believe that a ton deadweight ship owners, Sanko and Japan Line.

This leaves only one critical gap—the Greeks, whose reaction remains unknown.

A second cartel scheme for dry bulk trades known as Inter-

Canadian rail cars contract

TORONTO, June 4. Hawker Siddeley Canada has received a C\$25m order for 700 covered hopper rail cars, 500 of which are being built for Canadian General Transit, a leasing company which is 55 per cent owned by Hawker Siddeley and 45 per cent by General American Transportation. The other 200 are for North American Car Canada. Delivery is scheduled later this year.

Meanwhile, the Toronto office of George Wimpey Canada has been awarded four contracts totalling more than £2m. The biggest, worth £3m is from the Ontario Ministry of Transportation and Communications, for building a four-lane seven-mile extension of the Don Valley parkway north of Toronto.

SHIPPING REPORT Firmer rates maintained

BY TONY MCLAIN

A SMALL reduction in the amount of available tonnage out of the Middle East last week helped maintain the firmer rates which have become the main feature of tanker operations since April.

Very large crude-carrier fixing was confined to period employment in contrast to the previous week. One U.S.-owned company called for large tankers for one, two and three year time charter with early delivery. Up to five ships may have been concluded. The rate structure varied between Worldwide \$24 for 12 months to \$28 for three years.

The order was placed at the end of the previous week. Within

World Economic Indicators

RETAIL PRICES				% Change over earlier year	Index base year
Apr. 78	Mar. 78	Feb. 78	Apr. 77		
194.6	191.3	190.6	180.3	7.9	1974=100
119.8	119.0	118.0	115.6	3.6	1975=100
129.9	128.5	125.9	114.4	12.6	1976=100
126.8	126.7	125.38	120.5	5.2	1976=100
145.0	144.5	144.2	141.5	2.4	1970=100
195.5	193.4	191.7	177.1	9.0	1970=100
191.5	189.2	188.4	187.2	0.9	1967=100

Contracts

- Nilgata Engineering has won a Riyal 178.5m contract to build an 88-mile oil pipeline in Saudi Arabia by the end of next year, capable of carrying 300,000 barrels of oil each day, to link Riyadh with the Khurays fields to the east. The contract, which includes building two pumping stations and terminal station, was awarded by Saudi Arabia's general petroleum and minerals organisation, Petromin.
- Bedford, the Vauxhall truck manufacturing subsidiary, last week passed the half-million mark for production of its TX model. The TX, first introduced in 1965, is claimed to be the first British truck to be built in such large numbers. Half of its output has been exported, with Portugal, Australia and the Benelux countries being the main purchasers.
- The SPS Group has won an order valued at £1.5m for pumps and ancillary equipment for a major sewerage scheme in Kuwait, placed by the Hyundai Construction of South Korea.
- Decca has won a contract for the supply and installation of navigation systems for the new Hewanorra international airport at St. Lucia, Windward Islands. The contract was negotiated by the Crown Agents acting for the Ministry of Communications of the Government of St. Lucia. The equipment should be operational by the autumn.
- Siemens medical division has won a \$1.6m contract to install two computerised axial Tomography scanners which will be installed at a government hospital and at a private clinic.

days 20 vessels had been proposed by owners anxious about future trading from other sectors.

There was no evidence of new VLCC business last week, but brokers hoped that resolution of the proposed Japanese storage scheme would come by the middle of June. Up to 10 VLCCs would be taken off the market for use as storage and a further five could join them in September. This should aid market conditions towards the last quarter of the year.

Elsewhere the American coast proved to be a difficult area. Brokers advised owners to fix business with speed when it does pick up to avoid redundancy and more lay-ups.

Tanker lay-up figures at June 1 showed that 53.3m dwt are now idle, representing 469 vessels, including 66 combination carriers and 88 dry bulk carriers where the market for dry cargoes is slowing the rate of increase of lay-up.

Eggat Forrester, brokers, forecast Friday that the imbalance between the Pacific and the Atlantic, where rates have firmed considerably since April, will not be sustained for long. Rates may level out, particularly for smaller tonnage.

The recent spate of chartering activity in the dry cargo trades has been largely grain-based. Brokers reported on Friday that during May this activity had strained loading facilities in many grain ports. At Buenos Aires, grain ships waited up to 30 days for off-loading, the main problem being a shortage of rail trucks and lighters.

This port congestion, at discharge and loading points, has had an impact on available tonnage, maintaining rates. When the problems are resolved, owners must expect rates to slide marginally.

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## HOME NEWS

## State aid 'vital for saving tin mines'

By Paul Cheeseright

REGIONAL DEVELOPMENT grants for mining must be restored by the Government if the UK industry is to survive, according to the Cornish Chamber of Mines.

Mr. K. A. Gilbert, the chairman, told the chamber's annual meeting in Camborne that Government aid was necessary not only for exploration but also for surface treatment plants.

His remarks follow the recent closure of the Mount Wellington tin mine, owned by Cornwall Tin and Mining, and by the placing on a care-and-maintenance basis of Wheal Jane, the Consolidated Gold Fields operation.

Regional development grants were withdrawn from April last year and since then it has been necessary for the mining companies to seek finance elsewhere. Costs have been increasing, however.

## Concern

"The day is gone when for a fairly modest investment, a mining company could expect to make a reasonable profit," said Mr. Gilbert.

His particular concern was the need for the industry to come to terms with the mining of low grade and complex ores. More effort should be put into metallurgical research.

Grants were essential for surface treatment plants which "will need to be more complicated and costly."

Mr. Gilbert said that the price of tin was below economic levels for some of the local producers. The chamber's annual report states that a floor price of between £8,000 and £8,300 a tonne is needed.

## Internal rows delay formation of Britel

By John Lloyd

THE formation of Britel, a joint British consultancy group aimed at improving the flagging performance of the UK telecommunications industry on world markets, is delayed because of divisions among participants on the role and scope of the organisation.

Discussions on Britel have been going on for more than a year between the National Economic Development Office, and the Post Office, Cable and Wireless and International Aeradio.

In a NEDO report published last year, Sir Raymond Brown was in favour of a consultancy composed of the three organisations, which would be largely concerned with the marketing of System X, the computer-controlled telephone exchange system reaching the final stages of its development by the Post Office and its three major manufacturers, GEC, Plessey and Standard Telephones.

The constituent members of the Britel project agree on the need for a common marketing organisation for System X. The problem arises over the degree to which Cable and Wireless and Aeradio will be required to sink their individual identities into the new project.

While both in effect are State-owned—Cable and Wireless was nationalised in 1947, and Aeradio's majority shareholder is British Airways—they are strongly independent and increasingly compete with each other.

The Post Office and NEDO are keen that Cable and Aeradio pool expertise to a substantial extent and that Britel takes on the role of a consultant and of project management.

Project management entails working closely with a manufacturer once the contract has been awarded. Cable and Aeradio feel that if Britel took on this role, it would be seen by clients to be simply a marketing front for System X.

## Upgraded

They have built up their business in the world market on the basis of recommending and installing the systems they judge to be best suited for the contract. Since the UK does not offer a fully electronic system, the companies increasingly have tended to choose systems offered by foreign manufacturers.

In addition, Cable recently has upgraded its project management division and is moving into areas—such as the provision of communication systems for airports and hotels—in which Aeradio is strong.

Besides fears that their areas of operations will be eroded, there is further disquiet over the future role of Standard Telephones, a subsidiary of I.T.T. which manufactures an electronic system, the Metaco, in Europe, Metaco and System X will be in direct competition.

It is thought that a merger, at least of the UK-owned telecommunications divisions, is a necessary step if there is to be effective marketing overseas. However, moves in this direction have not been announced.

Cable and Aeradio have expressed concern over the manufacture of System X. It will be broken up between GEC, Plessey and Standard Telephones and manufactured in a number of locations.

While the manufacturing companies remain distinct entities, it is felt that the system might have to be priced at an uncompetitively high level, especially since it will be competing with foreign systems which have been in production for some years.

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## Far Eastern funds lead

By Eric Short

FAR EASTERN, Japanese and Australian funds are the best performers this year among the unit trusts according to the latest tables issued by the Financial Services Commission.

These show that up to the end of last month, the leading positions were occupied by funds based on these markets.

The top spot is held by M and G's Far Eastern Fund with a rise of 41.5 per cent so far this year. The group's Japan Fund is seventh with a rise of 26.3 per

cent and its Australasian fund is eleventh with a gain of 23.4 per cent. Gartmore Far Eastern, in second place, showed a rise of 38.8 per cent.

The UK equity market has performed rather sluggishly this year, the F.T. Actuaries All-Share Index, with income reinvested, rising by only 2.1 per cent. Nevertheless 250 out of the 355 funds in the table showed a better performance than this index.

## Tyne link by National Bus offshoots

By Paul Taylor, Industrial Staff

TWO National Bus Company subsidiaries plan to join Tyne and Wear passenger transport executive in a partnership to run Tyneside's bus and metro services.

Under the scheme, outlined in a joint policy statement by Tyne and Wear County Council, Northern General Transport, United Automobile Services and the executive services will be run on a corporate basis but individual operators will retain control of their own assets.

Agreement in principle has been reached in anticipation of the planned opening of the first stage of the metro in the summer of 1979. Previous co-ordination plans have had to be abandoned because of opposition from National Bus and the unions to a pooling of assets.

However, it is hoped that the executive committee will be able to integrate bus and metro services without, initially at least, pooling these assets.

Joint negotiating committees are planned under which the executive committee will talk directly with unions on pay and conditions and consider related bonus or parity payments for the bus companies' staffs.

## Travel service

British Airways, British Rail and the British Tourist Authority launched their first joint marketing operation with the opening of the British Travel Centre in Frankfurt. The prospective tourist can obtain not only advice on where to go but can buy the tickets for setting there.

## Safeguards on prices 'badly constructed'

By ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE PRICE Commission is believed to have told the Department of Prices that the safeguards written into price controls are badly constructed and arbitrary in application.

The implication behind the comments is that the safeguards, which protect a company's profits during and after one of the commission's three-month investigations, should be rewritten.

Mr. Roy Hattersley, Prices Secretary, has said that he is reviewing the safeguard provisions which have been criticised by some Labour MPs on the grounds that they make a mockery of the controls.

The Minister has not made a decision on whether to change them but time is running short because the obvious time to do this would be when margin controls expire at the end of July and certain other consequential changes will have to be made to the existing orders.

He has indicated that he would make his decision partly on the basis of advice from the commission which has the job of administering controls.

## 'Waste of time'

The commission apparently has confined itself largely to technical criticisms of the safeguards. The comments may not be strong enough to give Mr. Hattersley evidence he would need to push through Parliament any major tightening up of the provisions. To do this he would probably have preferred explicit instances of how the commission's work had been impeded by the safeguards.

The most fundamental criticism made by the commission concerns the clause which prevents a company's prices if doing so would

reduce its net profit margin on turnover to less than 3 per cent. The commission is believed to have told Mr. Hattersley that this clause means it is a waste of time investigating many inefficient companies which are making less than 3 per cent to begin with.

Although the commission is not thought to have named names, it is believed to feel that this clause is particularly inhibiting in relation to the nationalised industries.

It also has criticised those safeguards which relate to the company's past performance. It is understood to have argued that such a comparison becomes increasingly meaningless as time goes on.

The commission has pointed out that, with the end of margin control this summer, companies will not have the necessary figures for calculating their administrator.

The clear message to Mr. Hattersley is that the present figures for calculating their administrator.

## Varley attacks Tory State industry plan

A FRESH attack on plans outlined in a Tory report to have of profitable sections of nationalised industries was launched yesterday by Eric Varley, Industry Secretary.

He told delegates representing 123,000 Post Office workers that State industry employees would be regarded as easy meat for a fight.

Mr. Varley was speaking at the opening session of the annual conference of the Post Office Engineering Union at Blackpool.

The existence of the Tory report, prepared by a study group chaired by right-winger Mr. Nicholas Ridley, MP for Cirencester and Tewkesbury, was confirmed last week.

Mr. Varley added: "The punishment being planned for these workers includes wrecking industries and selling off coal mines and shipyards."

—and only Mr. Thatcher could clear up the disunity.

## Water charge payment by instalments urged

By LYNTON McLAIN

LEGISLATION to force Britain's water authorities to accept payment by instalment to ease the burden of charges, should be introduced as soon as possible, for the payment of local authorities' Metropolitan rates.

Authorities said yesterday. The association also wants an investigation into a rebate scheme linked with the rebates given against local authority rate payments.

The chairman of the water authorities have already given an undertaking to government to accept payments by instalments whenever that may be required, but so far the Government has not requested such a move.

IN BRIEF  
ClydeDock Engineering may buy Greek yard

ClydeDock Engineering, the ship-repairing company formed last year, is interested in buying the Neorion Shipyards on the island of Syros.

Mr. Rankin Durnin, the company's financial director, has visited the yards, which closed down in March, but negotiations are still at a very early stage.

ClydeDock Engineering, which was founded by Mr. R. E. Butler with £1m capital, has the backing of a group of Scottish businessmen and the Scottish Development Agency, which announced a £100,000 investment in the company in April last year. The company operates from the former yard of Alexander Stephen (Shiprepairers) at Govan.

The Neorion Shipyards were operated by the N. J. Goulandris group, which closed the yards and laid off about 1,200 workers after a series of strikes compounded financial difficulties caused by over-capacity in the industry.

According to the Greek magazine Nafiliaki International, the yard represented an investment of £11m-£13.7m. (£20m-25m) when it closed but had credits of £9.9m (£18m) from the National Bank of Greece and £5.8m (£10.5m) from the Development Bank of Greece.

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Flow of wine

Clearances of all types of imported wine in March increased 711,000 gallons or 12.7 per cent to 6.3m gallons compared with March last year. This took the first-quarter total to 13.8m gallons, a rise of 2.68m gallons or 24.5 per cent on the same period of last year.

Scottish affairs

Scottish economic performance and political developments will be assessed at a conference in Edinburgh on June 26 and 27 which has been organised by the

Financial Times. The speakers will include Mr. Gregor Macfarlane, Minister of State for Scotland, and Mr. Edward Taylor, Shadow Scottish Secretary.

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Scottish affairs

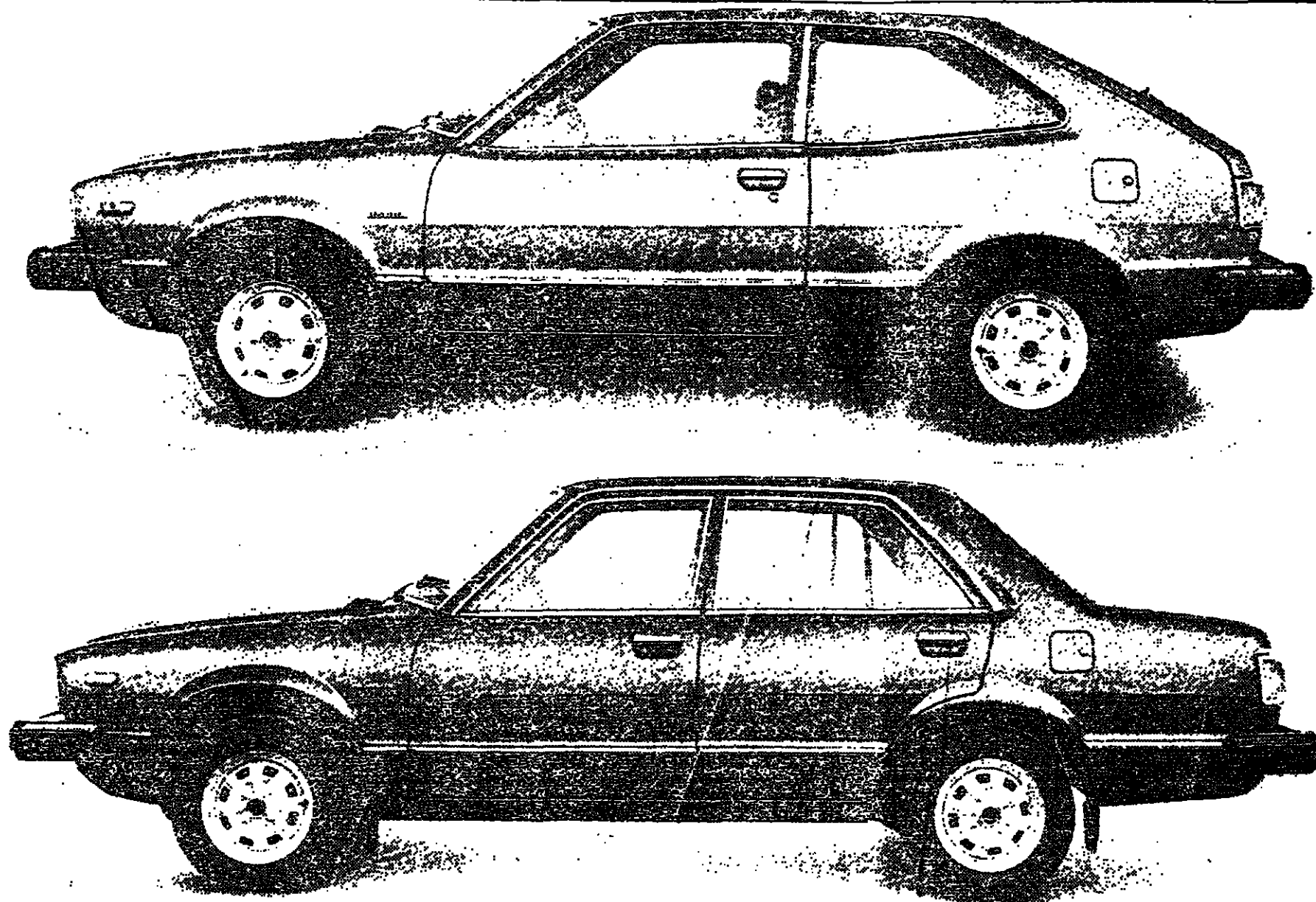
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Contact us for full information, or visit us. Our showrooms are at London's Savoy Hotel and at the Diamond Centre of the world.



## We've given one of the world's ten best cars the boot.

The Honda Accord 3-Door hatchback. Rated as one of the ten best cars in the world by Road and Track.

One hundred points ahead of other Japanese cars in the European 'Car of the Year Award'—and voted top by Autocar and the Observer.

Winner of its class in the '77 Total Economy run. A great car. Now we've given it a boot, 15.97 cubic feet of it. And four doors. And even more refinements to the incredibly long list of extras built-in as standard.

The clock, for example, is digital. The Radio is FM and AM. The heating and ventilation system is also ducted to the front doors for side-window de-misting, and to the rear seat area for extra passenger comfort.

The boot can be unlocked from the driver's position.

And so on.

Any other car would be called a Ghia, a De-Luxe or a GLS with the Honda Accord's list of built-in extras. But we believe in quality and so 'de-luxe' is the standard.

We also believe in precision engineering (the

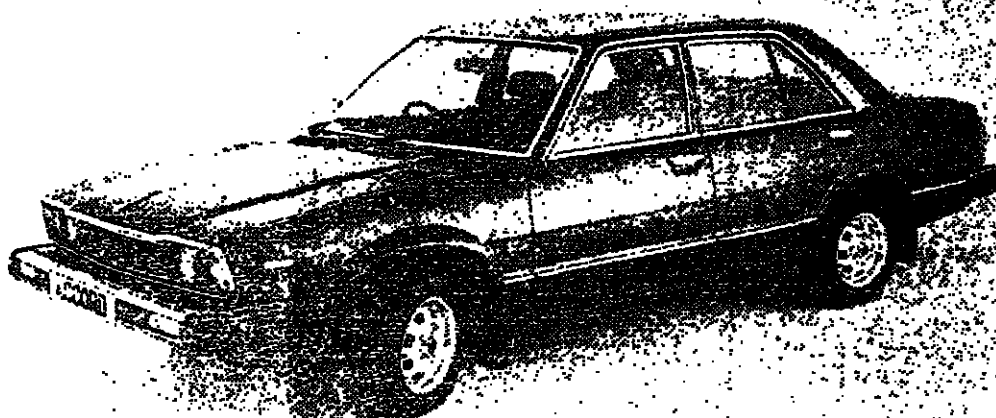
engine specification and high degree of finish will make you wonder how we do it for the price).

The Honda Accord.

It's not just a car with an amazing specification. It's an amazing car to drive. Try it.

You'll see what all the fuss is about.

## HONDA ACCORD



Honda. Another word for Quality.

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# "There was never any question of us opening anywhere else in Britain. It had to be Scotland."



*Adam Thomson, Chairman, The Caledonian Airways Group.*

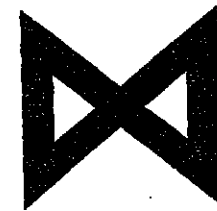
"We chose Prestwick for our new Aircraft Engine Overhaul and Test Plant because it provides all the facilities needed for cost effective operation. With the area's history of aviation work, there's a ready pool of labour capable of tackling such specialist engineering.

S.D.A. involvement enabled us to embark on this exciting development and afforded The Caledonian Airways Group, parent company of B. Cal., the opportunity to help support the Scottish economy".

The Caledonian Airways Group and the Scottish Development Agency have got off to a flying start at Prestwick. The opening of this new aero-engine plant will create up to 250 new jobs by the mid-80's. It's just one illustration of how the S.D.A. can provide financial assistance to aid the expansion of industry where growth potential exists.

The Scottish Development Agency has been formed to promote industrial and economic growth throughout Scotland. With a budget of up to £300 million, we can provide a variety of financial incentives and factory accommodation to help companies expand and spread their wings.

To find out more, contact James Gorie, our Director of Information, at the address below.

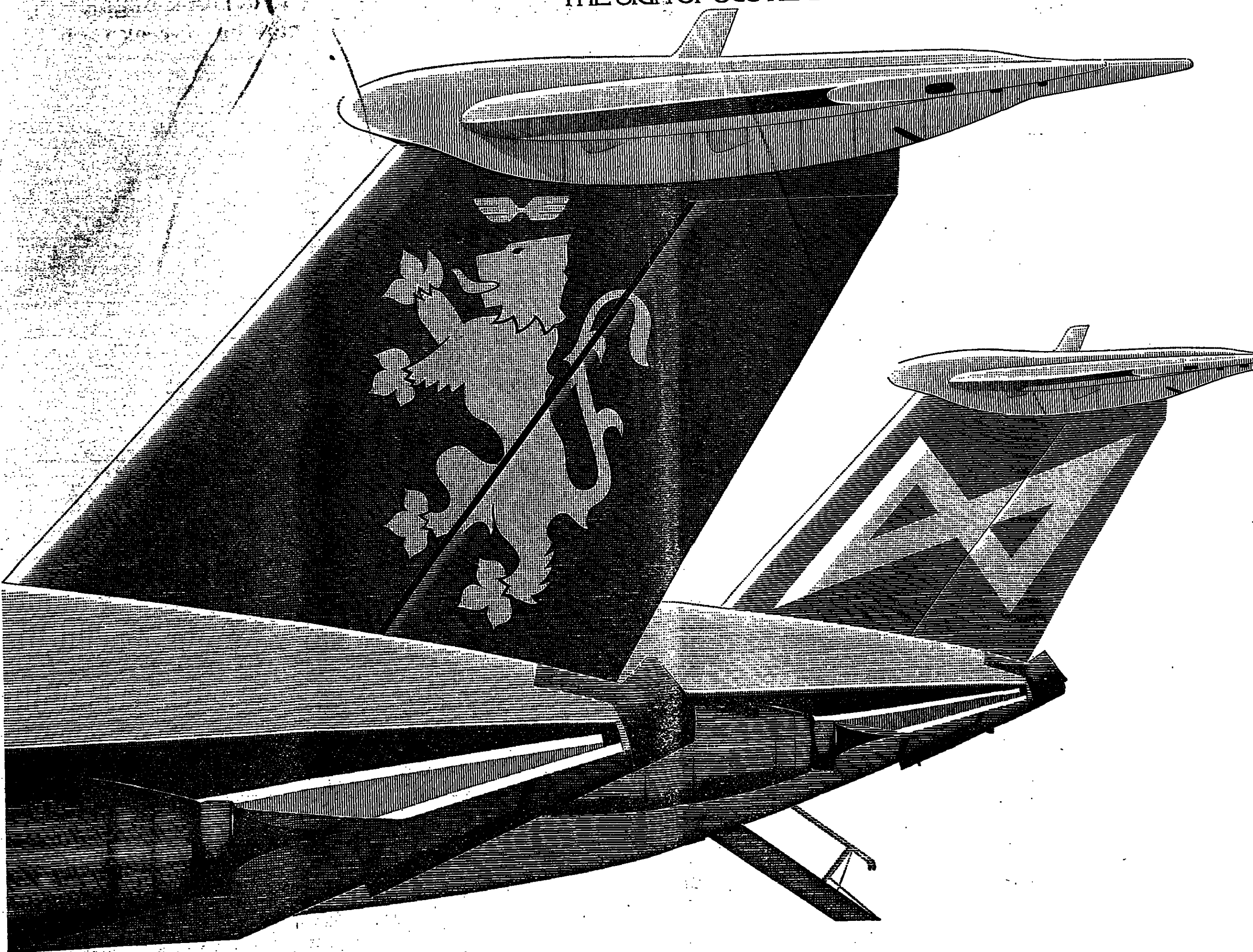


**Scottish Development Agency**

120 Bothwell Street, Glasgow G2 7JP.

Tel: 041-248 2700 Telex: 777600

THE SIGN OF SCOTLAND'S INDUSTRIAL GROWTH.





## HOME NEWS

## Worker-director proposals 'ignore middle managers'

BY LYNTON McLAINE

THE BRITISH Institute of Management has called for a meeting with the Prime Minister to discuss "totally unacceptable" aspects of Government proposals for employee participation in management. Mr. Roy Close, the Institute's director-general, said in Glasgow at the weekend.

He said the Institute was worried that little attention had been paid to junior and middle managers in the White Paper on industrial democracy, published on May 23.

The proposals on employee participation had no adequate safeguards for the role and status of managers. Trade unions, on the other hand, would have rights backed by law.

The meeting called for with Mr. Callaghan would be to discuss the manager's role in participation agreements. So far, the voice of these managers had been ignored in the Government proposals, Mr. Close said.

Trade unions would have an effective veto on allowing managers into the proposed joint representation committees. This was totally unacceptable to the Institute.

## Decisions

The two main proposals from the Government were to give employees a voice in company planning and a seat on the Board through a representative.

In companies employing more than 500 people, employees should be under a legal obligation to discuss all major proposals affecting the workforce with workers' representatives before decisions were made, the White Paper said.

These proposals would include investment, mergers, takeovers, expansion or contraction of works and organisational changes.

Employees in companies with more than 2,000 people would have the right to representation on the Board if the White Paper proposals were accepted.

Where a voluntary agreement for employee directors to join the existing Board could not be agreed, employees the White Paper said, should have the right to appoint one-third of the directors to the top Board of a new two-tier structure, or to the existing Board where this was acceptable to the company.

## UK companies 'too secretive,' Wilson Committee is told

BY NICHOLAS COLCHESTER

THE Wilson Committee today told the eighth volume of its published oral evidence on the written and oral evidence on the financing of industry and trade.

It contains the contribution of the Welsh Development Agency, the American Bankers Association of London, and Lord Roll of Ipsden in his capacity as chairman of the NEDC Committee on Finance for Investment.

The oral evidence of the U.S. bankers follows their previously published written submission, being critical of the unwillingness of British companies to disclose more about their operations to their bankers.

Mr. B. W. Mitchell, of Bank of America, said that a cost-of-sales breakdown, details of trade debtors, and more facts on the breakdown and turnover of stocks were examples of the information that U.S. corporations were willing to provide into their affairs, which British companies were not.

## Realistic

Civil servants, in particular, gained from them in that they gave them a "little more realistic" view of what happens in industry, than they otherwise would be.

In written evidence submitted for the second stage of the Wilson Committee's inquiry, the Society of Investment Analysts argues that the cash inflow of the major investing institutions will not grow much faster than gross domestic product between now and 1985.

The evidence deals with the growth in the financial power of the institutions and with the suggestion that this growth should, either be controlled, or harvested by some form of direction of investment.

The society rejects both but adds its voice to the call for removal of the fiscal discrimination that encourages the private saver to entrust his wealth to institutions.

After 30 years in which the cash inflow of the pension and insurance funds has risen from £1.2bn a year to £5.5bn in 1977, the society produces some tentative reasoning why this growth rate need not persist.

It believes that this cash flow will now grow with GDP implying a £20bn cash inflow in 1985 if GDP growth is a nominal 3 per cent, or £13.5bn if the nominal growth rate is 10 per cent.

In the course of a detailed discussion of the American way of banking the representatives of the U.S. banks agreed that a margin of 3 per cent over the wholesale interest rate for sterling was needed for an American bank to make a profit on a "first class and almost riskless" loan.

Lord Roll, the chairman of Warburgs, appeared before the committee as an intimate participant in the financial aspects of NEDC and the "industrial strategy".

In response to questions Lord Roll said that he did not believe that market forces alone could be relied upon to propel British industry into the right investment decisions.

On the other hand he did not deduce from this that institutional funds should be directed or channelled into the "right" sort of investment.

He hoped that NEDC and the industrial strategy would improve British industry's performance. If and when this improvement came about, the financial institutions would automatically respond and provide the needed funds.

It is no good just acting on the side of supply. It is essential that there should be a solidly-based and increasing demand for investment funds.

Mr. Len Murray, speaking in a committee member asked Lord Roll whether the financial institutions should not perform pump priming function and suggested that the NEDC should working parties that "produce many suggestions for action many of them requiring financial support".

At the same time he gave clear support of the concept of a working party of industrial study groups established on a tripartite basis with civil servants, managers, and trade union officials.

The U.S. bankers thought that progress by British industry towards more disclosure was "pretty marginal" and that "very much the exceptions".

They explained that the more rigorous disclosure rules in the U.S. helped bankers because companies "tend to be willing to disclose a little bit more to bankers than they reveal to the public".

## Approaches

The U.S. bankers, however, back-pedalled on the main feature of their written evidence. This suggested that British banks and U.S. banks adopted different approaches to lending—the former stressing the liquidation value of a borrower, the latter emphasising the borrower's ability to repay as a going concern.

This distinction was subsequently disputed by British banks and in their oral evidence the American bankers were at pains to stress that they had not intended to convey "that other banks use approaches that are dramatically different or demonstrably 'less sound' than the U.S. method."

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## COMPANY NOTICES

## CEMENTS LAFARGE

7½% 1972/1987 FF 100,000,000

Notice is hereby given to bondholders of the above-mentioned loan that the amount redeemable on July 1, 1978, i.e. FF 100,000,000 was bought in the market.

Amount outstanding: FF 85,000,000

Luxembourg, June 5, 1978.

THE TRUSTEE,  
FINIMTRUST S.A.

## TENDERS FOR GREATER LONDON BILLS

1. The Greater London Council hereby gives notice that tenders will be received at the Chief Accountant's Office, Bank of England, 12th June, at 12 noon for the purchase of Greater London Council Bills, 1987 to the amount of £25,000,000.

2. Bills will be in amounts of £5,000, £10,000, £25,000, £50,000, £100,000 or £250,000. They will be dated Thursday, 15th June 1978 and will be due 91 days after date without grace.

3. Tenders must be for an amount not less than the minimum and must specify the net amount per cent, showing a maturation of the amount tendered for.

4. Tenders must be made through a London Banker, Discount House or Broker, and must be received at the Council's Office, at the County Hall, London EC2A 3PU, on Thursday, 14th June, at 1.30 p.m.

5. Tenders may be made on the printed form which may be obtained from the Council's Office, at the County Hall, London EC2A 3PU, or from the Council's Office, at the County Hall, London EC2A 3PU, or from the Council's Office, at the County Hall, London EC2A 3PU.

6. The Bill will be issued and paid at the Bank of England.

7. Notification will be sent by post, on the same day as the tenders are received, to the tenderers whose tenders are accepted in whole or in part and payment in full of the amounts due must be made to the tenderers whose tenders are accepted in whole or in part.

8. The Greater London Council reserves the right to reject any or all tenders.

9. The Council's Office is open from 10 a.m. to 5 p.m. on weekdays.

10. The Council's Office is closed on public holidays.

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300. The Council's Office is open on 26th March, 1979.

301. The Council's Office is open on 27th March, 1979.

302. The Council's Office is open on 28th March, 1979.

303. The Council's Office is open on 29th March, 1979.

304. The Council's Office is open on 30th March, 1979.

305. The Council's Office is open on 31st March, 1979.

306. The Council's Office is open on 1st April, 1979.

307. The Council's Office is open on 2nd April, 1979.

308. The Council's Office is open on 3rd April, 1979.

309. The Council's Office is open on 4th April, 1979.

310. The Council's Office is open on 5th April, 1979.

311. The Council's Office is open on 6th April, 1979.

312. The Council's Office is open on 7th April, 1979.

313. The Council's Office is open on 8th April, 1979.

314. The Council's Office is open on 9th April, 1979.

315. The Council's Office is open on 10th April, 1979.

316. The Council's Office is open on 11th April, 1979.

317. The Council's Office is open on 12th April, 1979.

318. The Council's Office is open on 13th April, 1979.



## LABOUR NEWS

## Building action to start June 25

By Alan Pike, Labour Correspondent

ACTION over the building industry's annual pay settlement will begin on June 25, the Transport and General Workers' Union said yesterday.

The action will be arranged on a regional basis. Local branches of the union have prepared lists of construction projects which are likely to be affected.

The dispute is over the value of the national pay offer to more than 750,000 building and civil engineering workers. Employers say it is worth almost 10 per cent, but some union officials say that it will have a much lower value for many men.

Mr. George Henderson, the union's national secretary for the industry, said yesterday that employers' organisations had made it perfectly clear that they were standing absolutely firm on the offer.

The present agreement expired on June 25 and, with the postponement and cancellation of proposed meetings between the parties, he had to give notice that the union would begin industrial action after that date.

The position is complicated by the fact that the executive of the biggest building union, the Union of Construction, Allied Trades and Technicians, has accepted the offer and is telling its members to ignore the transport union action.

This position may be criticised by some delegates at the construction union's conference which opens to-day in Duxton.

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## Bootle strike deadlock move

FRESH EFFORTS will be made this week to resolve an unofficial strike by 400 construction workers over a severance pay agreement which is halting the final stages of work on the multi-block at Bootle, Merseyside.

Although no further meetings have been arranged between the contractors McAlpine's and the unions, discussions are expected between management representatives and the Government's Property Services Agency.

The dispute came to a head last week when talks on the proposed redundancy of 11 men broke down. The building is now seven years behind schedule and its cost has risen from £14m to £19m.

## Civil Service unions may form closed shop alliance

BY PHILIP BASSETT, LABOUR STAFF

INDUSTRIAL and white-collar civil servants seeking a better closed shop offer than the Government's current proposals may join forces to press their case through a consortium.

The 87,000 industrial civil servants in the Transport and General Workers' Union, the biggest union representing the industrial grades of staff, will be asked if they want backing for local closed shops.

The three non-industrial Civil Service unions pressing for a closed shop, the Civil and Public Services Association, the Civil Service Union and the Internal Revenue Staff Federation, have asked unions representing the 172,000 industrial civil servants for joint talks on the Government's proposals.

If a consortium of lower-grade civil servants is formed from the non-industrial staff calls for a ballot on the issue of all 400,000 basic grade civil servants, including

50,000 non-unionised staff. A ballot of non-union members would be likely to be rejected outright by the white-collar unions.

The offer made to the industrial workers, though, does not include any longer provisions for a ballot.

Mr. Mick Martin, public services' national officer for the transport workers, said the union was likely to agree to the request from the three white-collar unions for a joint approach to Mr. Callaghan although he was not optimistic about its success.

He said that after two years of negotiations the industrial civil servants had ended up with a worse offer than they had started with, and had rejected it outright.

The union would be pressing for a full post-entry closed shop after putting the issue to members in local areas.

## Exemption

The consortium would then take over the direct approach on the closed shop to the Prime Minister now being considered by the three non-industrial unions.

The Government has offered both industrial and non-industrial civil servants a similar closed-shop offer. It has wide exemption provisions reminiscent of the Conservatives' 1971 Industrial Relations Act.

The offer made to the non-industrial staff calls for a ballot on the issue of all 400,000 basic grade civil servants, including

## Clyde managers win 5 per cent. pay rise

BY OUR LABOUR CORRESPONDENT

THE ENGINEERS and Managers with TASS over recognition in the industry, says that in its award the Central Arbitration Committee commented that TASS's submission had provided "no real evidence on behalf of managers among whom they have few members."

This is on top of a 10 per cent rise for all staff employees with TASS, the white-collar section of the Amalgamated Union of Engineering Workers.

The engineers association, which is engaged in a fight

## TV unions to ballot on merger

By Our Labour Correspondent

A BALLOT on a merger between the Association of Cinematograph, Television and Allied Technicians and the Association of Broadcasting Staffs will open on July 1.

The ballot comes after lengthy amalgamation discussions between the unions. If members favour a merger, the organisations will become the Amalgamated Film and Broadcasting Union.

The Association of Scientific, Technical and Managerial Staffs said yesterday that the Pearl Federation section of the insurance workers' union, which covers field staff managers in Pearl Assurance, had decided to merge with it. The association added that everyone except the most senior Pearl executives would be covered by its negotiations.

## Chrysler talks

A MEETING to-day of 1,500 Chrysler car assembly men in Coventry will decide whether to accept a peace formula worked out in weekend talks. They had walked out on Friday in a who's-what row concerning repair work on faulty car seats.

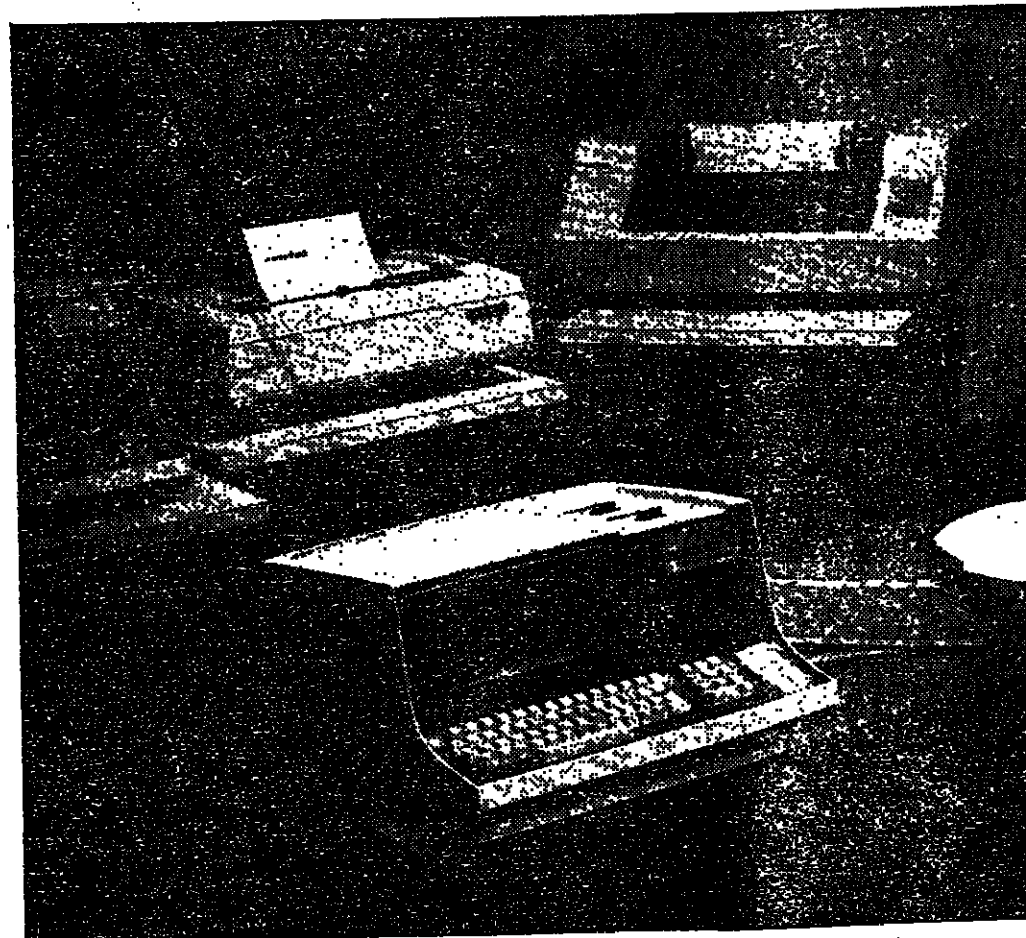
## Business lacking sting?



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## What does the European businessman really read?

Average Issue Readership	Financial Times	International Herald Tribune
by industry		
Construction	4,280	267
Metal	5,986	826
Textiles	1,912	82
Banking	1,985	1,076
Finance/Insurance	2,036	419
Transport	1,604	379
Oil/Chemicals	2,958	522
Other Manufacturers	12,813	1,177
Retail/Wholesale	1,447	136
Trading	1,514	338
Other	1,827	405
by job function		
Chief Executive	10,354	2,251
Export	4,509	503
Finance	9,301	1,093
Production	2,873	180
Home Sales	4,341	269
Marketing	4,798	530
Legal	2,103	364
Purchasing	2,594	165
Personnel/Training	1,978	261
Investment	1,400	415
Corporate Services	632	86
Personal Services	1,019	163
Data Processing	1,257	101
Premises	697	232

The facts speak for themselves. The 1978 European Businessman Readership Survey proves that the Financial Times is Europe's real business newspaper.

Content analysis also shows that it carries 32%\* more international political, economic and commercial information than any other English language newspaper printed in Europe. Information which is gathered by a team of over 200 permanent editorial staff - 28 of them based abroad - backed by 80 associated correspondents strategically stationed around the world.

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\*Content analysis of five newspapers. Research Services International, August 1976.

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## Your gain

An unparalleled opportunity for companies that are expanding or re-locating to benefit from the most comprehensive industrial package ever assembled, including an established workforce with a balance of skills.

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We are BSC (Industry) Ltd., a dynamic little company whose sole purpose is to attract new industry into steel closure areas.

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The various regional authorities, and development agencies.

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The Steel Committee of the TUC. And finally, the full weight of the British Steel Corporation itself.

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Two. In addition to these funds, we have our own. We can use these to tailor incentives to your particular needs. Our brief is to be very flexible, as long as good, solid, long-term jobs are being created.

Three. If you trade with BSC, so much the better. We may be able to help you even more.

Four. If your business is steel-related, we may be able to take share-holdings and give financial support. Again the critical factor is 'investment per job created'.

So for those companies which react quickly, our loss could be turned into a very big gain indeed.

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# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## INSTRUMENTS

### Storage oscilloscope

OFFERED by Gould Advance is expanding the display horizontally, even after storage has taken place. More on 01-500 1000.

### Fibre power gauge

PUT ON the market by Hewlett Packard is the 84801 thermistor sensor which can be used with the company's model 432 power meter to measure the optical power in glass fibres.

Although the technique has been used for many years to measure microwave power, the company has adapted it to deal with light in the 800 to 1200 nanometre wavelength range and power levels from one micro-watt (-30 dBm) to 10 milliwatts (+10 dBm).

Apert from its normal use with a fibre as its input, the device can also be used to re-calibrate other optical measuring devices such as radiometers and photometers and to perform relative measurements on components such as connectors, couplers and attenuators.

More from King Street Lane, Wokingham, Berkshire RG11 5AR (Wokingham 784773).

## ENVIRONMENT

### Conditions the air in industrial plants

SPECIALLY DESIGNED to meet the specific environmental requirements of the textile, paper and tobacco industries, is a range of air conditioning units from Hall and Kay Engineering.

Called the Climon 2000 series, they are said to provide close control of temperature, precise control of humidity and air filtration, combined with minimal cost and ease of installation.

The series is of modular construction, employing inflated panels to give rigidity, good thermal and sound absorbent properties, says the company.

The units are built in two main flanged sections, one for return air filters, pneumatically controlled fresh-air inlet louvers and pyramid air filtration bank; the other section houses the motor, axial-flow fan and auto-mixer unit, complete with water pump and associated equipment.

More on 081 330 6621.

## DATA PROCESSING

### Counts and categorises vehicles

A PROBLEM with existing vehicle census systems is that although the equipment will count passing vehicles accurately, manual methods have to be used if vehicle categorisation is needed.

Recently however, the Transport and Road Research Laboratory awarded a contract to the Golden River Company Ltd, Bicester, for the development of a microprocessor-based vehicle classifier which is now commercially available.

### Tiny disc crams data

INTRODUCED into the UK by Exchange Telegraph Company is a disc data storage system making use of a 133 mm (5 1/4 in) diameter flexible magnetic disc that can accommodate 200,000 characters.

This compares with about 300,000 characters for a conventional floppy disc and with 145,000 for a cassette, with a much shorter access time than the latter (about one second as opposed to one minute). The price, however, is only £1,150.

Known as the Extel 950 Micro-disc, the unit uses a Shugart flexible disc drive and an internal microprocessor control to reduce the external controls to an absolute minimum. Fast access file storage and retrieval are included for random entry applications and universally coded batch operations allow mass data collection.

Likely uses will be in data terminal enhancement giving reduced transmission times and

### Gas pipe project

DATA capture and processing look for physical faults in the steel pipes—in particular the 3,000 miles of high pressure lines. At this stage, however, British Gas is unwilling to indicate what methods will be used: they could be magnetic, ultrasonic or X-ray.

There is also no indication of whether the data will be stored in the pig or transmitted to an external point.

Micro Consultants, however, will design a "data acquisition package" and manufacture a number of production units under a contract worth £1m.

Object of the inspection is to

## COMMUNICATIONS

### Aerial goes up quickly

ON AN average site, the model 618 medium wave aerial from Technology for Communications International (TCI) can be erected by four men in three hours.

This transmitting aerial is omnidirectional, vertically polarised, and covers the frequency range 535 to 1605 kHz.

In addition, it is particularly suitable for tactical, emergency and other temporary applications since for transportation purposes it is entirely self-contained on a wheeled trailer that carries the single crank-up tower, guys and radiating elements, ground screen elements, matching unit, guy anchors, baseplate and tower insulator.

Erected tower height is 151 ft (46 metres) and the total weight is 2,540 lb (1,200 kg). There are two versions, for 10 kW or 20 kW.

The tower is in seven telescoping sections made from high

## Developing applications for micros

SCICON has set up a new team to develop products and systems based on microprocessors; a special laboratory has been equipped with microprocessor development systems from Data General, Zilog and Intel.

Main aim will be to develop applications rather than software tools for microprocessors. To that end the organisation, called Scicon Micro Systems, is looking for companies which seek to replace existing electro-mechanical devices by micros, or which want to develop microprocessor-based systems.

Scicon is prepared to either develop the products, or to enter into joint ventures with companies who have their own ideas for using micros.

One of two areas where Scicon has already been particularly active is in the development of SPARG, a microprocessor-based device which enables computer data to be transmitted over high-frequency radio links—an application not commercially available before.

The other is in a range of peripheral devices like visual display terminals and line printers which use microprocessors to hold the necessary software to enable bi-lingual Arabic and English text to be handled.

More on 01-580 5598.

## Mechanical installation is part of...

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### Speeds up design of boards

THE MAXI printed circuit board designer from Rascal Radac provides users designing a large number of PCBs containing dual in-line integrated circuits and a large proportion of discrete components with a substantial saving in time and cost.

MAXI can handle between 100 and 1,200 circuits on one board, and board sizes up to 23 x 25 ins, eight track widths, 32 pad sizes and up to eight tracking layers. The company claims that

the equipment can save 70 per cent in time and 40 per cent in cost compared with manual techniques.

The system incorporates a 21-in refreshed graphics terminal with on-line plotting, greatly reducing the overall board development time and allowing photoplotting of a complete design to be carried out while another board is being designed.

Powerful automatic routines for component placement, track routing and automatic design rule checking can be performed through interactive techniques, and components or routes may be added, deleted or modified at any moment. More on 0684 294161.

More on 01-500 1000.

More on 01-580 5598.

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## ARAB REPUBLIC OF EGYPT

MINISTRY OF PETROLEUM  
EGYPTIAN GENERAL PETROLEUM ORGANIZATION (EGPC)  
PETROLEUM HOUSE  
EVALUATION OF EXECUTION CONTRACTORS

The Egyptian General Petroleum Organization (EGPC) announces a public tender locally and internationally for the execution of the projected Petroleum House located at Galaa Bridge Square, Giza, Egypt.

Companies desirous of taking part in this adjudication are required to apply to the Egyptian General Petroleum Organization (EGPC) at its Head Offices, Othman Abdul Hafeez Street, Nasr City, Cairo, beginning from Saturday, June 11, 1978 and until 12.00 noon, Thursday, June 29, 1978 for having their names registered and for procuring the booklet giving a brief description of the nature and volume of the works involved against payment of the amount of L.E. 10 to EGPC's treasury.

Companies confident that they are of a level qualifying them to take part in this tender are required to file a detailed account of their previous works and major undertakings carried out or presently under execution within the period from the registration of their names and until 12.00 noon, Thursday, July 13, 1978.

The Egyptian General Petroleum Organization (EGPC) will then determine which companies are to be invited to take part in the adjudication and EGPC reserves the right to make on the spot inspection of some of the works undertaken by each company to study its actual possibilities, capabilities and standard of execution and finishing touches. The contracting company should arrange for and facilitate the necessary procedure for carrying out this inspection with no liability whatsoever to EGPC in the event a company is not chosen to take part in the adjudication and with no need for giving any reasons.

Companies finally chosen to take part in the tender will be duly notified by EGPC to procure the tender's conditions and drawings against payment of L.E. 500 to EGPC's treasury.

Workers' Council of the Communal Organization of Associated Labour for Water Supply and Sewer System "VODOVOD", 32000—CAKAC, Vojvode Stepe Str. No. 8 is announcing.

## THE INTERNATIONAL COMPETITIVE BIDDING FOR SUPPLY OF MATERIAL AND CONSTRUCTION OF STORM WATER MAIN SEWER IN ČAKAC

### WORK TO BE TENDERED:

Storm Water Main Sewer, at a length of 1,500 m, of reinforced concrete pipes dia. 1,600 to 2,200 mm, beginning from the Morava River, down to outlet point into the Morava River.

### LOCATION:

Čakac, from Sloboden Penzion Street to the Zapadne Morava River.

### COST OF WORKS:

22,000,000.00 Dinars.

### TIME OF COMPLETION:

150 days from the date of receipt of order to commence the works.

### CLOSING DATE FOR RECEIPT OF TENDERS:

45 days from the date of publishing the Call for Submission of tenders in the newspaper.

### CONDITIONS FOR ASSIGNMENT OF CONTRACT:

For assignment of Contract shall be considered only the tenders:

- (1) submitted as called for in the Tender Documents issued by the Employer.
- (2) prepared fully in compliance with the requirements set forth in the Tender Documents.
- (3) accompanied with the evidence on registration licence and references of the company and with the certificates on successfully completed contracts and financial status of the company for the year 1977.

### SUCCESSFUL TENDERER:

The tenderer shall be considered successful:

- (1) if he offers the fixed price.
- (2) if he proposes the shorter but real time for completion of the works called for in the Tender Documents.
- (3) if he gives the evidence of the technical capability of his company, available construction plant and qualified personnel.

### RIGHT TO PARTICIPATE IN TENDERING:

The right to participate in tendering procedure shall go only to the companies from the countries which are members of the International Bank for Reconstruction and Development (I.B.R.D.) and from Switzerland. The works which are the subject matter of the present international competitive bidding shall be co-financed by the International Bank for Reconstruction and Development.

### DECISION TO BE MADE:

The decision on selection of the tenderer shall be made within 15 (fifteen) days from the closing date for receipt of tenders.

### DESIGN DOCUMENTS:

The facilities and works called for in the Contract Documents have been designed by ENERGOPROJEKT, Hydrotechnical Consulting and Engineering Division, Belgrade. The design can be inspected and the tenderers can inform themselves of the location of the works and of other details required at the office of the Employer on each working day from 6.00 a.m. till 2.00 p.m., except Saturdays, telephone number 032-43-095, "VODOVOD" Čakac.

### TENDER DOCUMENTS:

The tenders shall be submitted exclusively on the forms provided in the Tender Documents. Two copies of Tender Documents can be obtained: — against the charge of 4,000.00 Dinars, payable to the current account of "VODOVOD", Čakac No. 61300-601-1076, held with the Government Auditing Office, for the local tenders; and — against the charge of US \$ 200.00, payable to the current account of "Energoexport", No. 60811-620-58-25730-421-10-5-1074, held with Yugoslav Bank for Foreign Trade, Belgrade and at the office of ENERGOPROJEKT, Bureau for Commercial and Industrial Sanitary Engineering, Zeleni Venac Str. No. 18, IV floor, telephone number 011-627-522/433, for the foreign tenders.

### SUBMISSION OF TENDERS:

The Tenders shall be submitted to the following address: "VODOVOD", Vojvode Stepe Str. No. 8 32000 — ČAKAC Yugoslavia

## NOTICE INVITING TENDERS FOR MOBILE CLINICS

Sealed Tenders on prescribed forms are invited, from reputed U.K. firms of established financial standing, up to 3 p.m. on 7th August, 1978, for supply of 318 mobile clinics fully fitted with medical accoutrements. All supplies should be of British origin only.

Tender forms are available from the undermentioned office on any working day on payment of £5 (non-refundable) against a crossed bank draft/Postal Order payable to High Commission of India, London.

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Supply Wing  
High Commission of India  
Aldwych, London W.C.2  
Telephone: 01-836 8484/329 & 332

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## SYRIAN ARAB REPUBLIC

GENERAL ORGANIZATION OF THE EMBANKMENTS DAM

Extension of Call No. 3906 for Supply of Wrought Accessories for the purpose of giving security for the largest number of tenders to submit to the Ministry of Public Works and Urban Planning of the Syrian Arab Republic on Saturday of July 1, 1978.

Others shall be received until the end of the day of Saturday of July 1, 1978. The tenders shall be submitted to the Ministry of Public Works and Urban Planning, Damascus, Syria.

Foreign tenders may telefax to No. 110308 SY for any further information. At-Tamrah, 24 July, 1978.

Director General, Colonel M. Kan'an.

## GOVERNMENT OF MAURITIUS MINISTRY OF AGRICULTURE AND NATURAL RESOURCES BULK SUGAR TERMINAL — PORT LOUIS ELECTRICAL SERVICES CONTRACT No. 17E

Tenders closing at 1.30 p.m. on Wednesday, 16th August, 1978, are invited for the following works for the Bulk Sugar Terminal at Port Louis, Mauritius, in accordance with the Drawings, Specifications and General Conditions of Contract for Contract No. 17E.

The Contract is for the installation and commissioning of 22KV switchgear, two (2) 1000 KVA, 22KV/400 Volt power transformers, L.V. switchgear and motor control centres, together with supply and installation and commissioning of light fittings, cables, distribution boards, communications equipment and all other equipment necessary for the complete operation of a large sugar terminal with approximately 180 electric motors ranging from 1KW to 185KW rating.

Drawings, Specification and General Conditions of Contract may be examined at the offices of the Consulting Engineers, Macdonald Wagner & Priddle Pty. Ltd., at Port Louis, Mauritius and at North Sydney, N.S.W., Australia, and also at the Mauritius High Commission, 32/33 Elvaston Place, London, S.W.7, England, and the Mauritius Embassy, 68 Boulevard de Courcelles, 75017, Paris, France.

## GOVERNMENT OF MAURITIUS MINISTRY OF AGRICULTURE AND NATURAL RESOURCES BULK SUGAR TERMINAL — PORT LOUIS 400V ELECTRICAL SWITCHBOARDS CONTRACT No. 17B

Tenders closing at 1.30 p.m. on Wednesday, 16th August, 1978, are invited for the following works for the Bulk Sugar Terminal at Port Louis, Mauritius, in accordance with the Drawings, Specifications and General Conditions of Contract for Contract No. 17B.

This Contract is for the design, manufacture, testing, packing and delivery into store at Port Louis, and insurance and warranty of two (2) main 400 Volt switchboards each fed by a 1000 KVA 22KV/400 Volt transformer and three (3) motor control centres, each controlling approximately sixty motors ranging from 1KW to 185KW rating.

Drawings, Specification and General Conditions of Contract may be examined at the offices of the Consulting Engineers, Macdonald Wagner & Priddle Pty. Ltd., at Port Louis, Mauritius and at North Sydney, N.S.W., Australia, and also at the Mauritius High Commission, 32/33 Elvaston Place, London, S.W.7, England, and the Mauritius Embassy, 68 Boulevard de Courcelles, 75017, Paris, France.

Seals of Drawings, Specification and General Conditions of Contract for companies registered in Mauritius may be obtained from Macdonald Wagner & Priddle Pty. Ltd., Roger Automotive Building, Cnr. Edith Cavell & Mere Barthelemy Streets, Port Louis, and for companies registered in all other countries they may be obtained only from Macdonald Wagner & Priddle Pty. Ltd., 100 Miller Street, North Sydney, N.S.W., 2060, Australia—Telex No. 20836. The non-refundable charge for each set of documents obtained in Mauritius is 580 Mauritian Rupees and 80 Australian Dollars in Australia.

Envelopes endorsed "Tender for Contract No. 17B, 400V Electrical Switchboard, Bulk Sugar Terminal—Port Louis" and containing a Tender deposit to be addressed to the Chairman, Tender Board, Ministry of Finance, Port Louis, Mauritius and lodged in the Tender Box, at the Chief Cashier's Office, Accountant General's Division, Treasury Building, Chaussee, Port Louis, Mauritius or posted from overseas to reach the Chairman, Tender Board, Ministry of Finance, Port Louis, Mauritius on or before the closing time and date.

The Tender Board does not bind itself to accept the lowest or any tender and will not assign any reason for the rejection of a tender.

Ministry of Agriculture & Natural Resources & The Environment

## COMPONENTS

### Saves rainwater

DURING THE drought of 1976 more people than ever before began to collect rainwater which flowed from the roof via gutters and downpipes for use in the garden and general domestic purposes.

The practice was adopted widely as the long dry summer went on but posed problems of controlling the overflow when rainwater receptacles had filled up.

A unit called the Osmia Rain-Trapper, from Wavin Plastics has now been introduced and promises to prevent overflow. The device, while allowing free

flow of water into a butt or tank, incorporates an overflow regulator which is said to obviate overspill by directing excess water back into the house rainwater system when the butt is full.

The maker says it is easy to connect to any existing 1 1/2 inch new or existing PVC rainwater pipe and can serve butts made of a variety of materials. Should the butt be removed, rainwater can be diverted into the house rainwater system by simply sealing the outlet tube by means of a special sealing cap.

More on 01-573 7795.

شركة النحل



# How do you want your Rover?

السيارات  
الفاخرة

With the new Rover 2300 coming into full production, you now have a choice of three outstanding Rovers. To help you choose we offer a summary guide to the new Rover range. The three new Rovers share the elegant, aerodynamic body made famous by the award-winning Rover 3500. But each Rover has characteristics and features that are all its own, distinguishing them from each other and the Rover range from the rest...

## Rover 2300

Powered by one of the new 6-cylinder in-line Rover engines (2350 cc) with aluminium head, developing a healthy 123 bhp. The crisp gearbox is 4-speed manual with 5th speed and automatic options.

Rover safety: the sure stopping power of dual-circuit servo-assisted brakes.

Rover safety: in case of accident, fuel supply automatically shuts off.

Comprehensive weather and grit protection: the car's paintwork is electrophoretically primed and thermoplastically finished.

There's full underbody protection, zinc sills and stainless steel bumpers.

More safety: high intensity rear fog lamps, twin reversing lights, hazard lights and front door-open warning reflectors. Inside, an energy-absorbing fascia and adjustable, telescopic steering column.

And on all Rover models, a Triplex-Ten Twenty Super Laminated screen, the safest production windscreen in the world.

The 2300 doesn't skimp on comfort: reclining front seats have head restraints, there's cut pile carpeting and an easy-to-clean rubber boot surface, a push-button radio, cigar lighter, twin glove lockers and a driver's door mirror adjustable from inside.

With all that safety and comfort goes high performance: a top speed of 114 mph and 0-60 acceleration of 11.5 seconds!

All for £5645.25\*

## Rover 2600

The six-cylinder engine is modified to deliver 136 bhp and, like the 2300 engine, features the Design Council Award-winning Air Temperature Control unit. Together with a belt-driven camshaft, it contributes to efficient fuel consumption and quiet running.

The 2600 introduces a self-levelling suspension system that ensures that the car is the correct height above the road whatever the load and how ever it may be distributed. The system also keeps the 4 beam halogen headlamps correctly aligned.

In addition to the 2300 specification you'll find map and glove locker lights, a carpeted boot, colour keyed fascia, more comprehensive instrumentation, extra comfort with box pleated seats, and extra refinement like front door-open warning lights.

The gearbox is 5-speed manual with an automatic option: the car reaches 60 mph from standing start in 10.7 seconds and has a top speed of 119 mph!



In spite of its additional specification, the Rover 2600 costs just £5991.57\*. A price level with considerable tax advantages to the business car user.

## Rover 3500

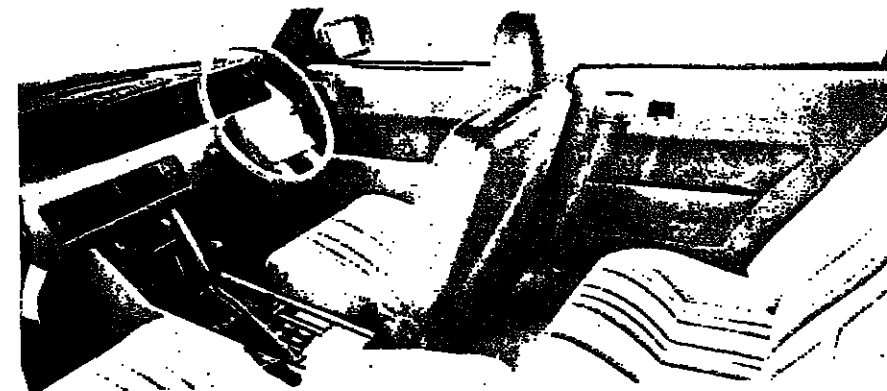
The magnificent Rover 3500 obviously has everything the 2300 and 2600 offer. And more.

The famous Rover V8, 155 bhp engine is fitted with electronic ignition, which assists fuel economy, reliability and performance. The car goes from 0-60 in 8.9 seconds and has a top speed of 122.3 mph!

The 3500 adds power-assisted steering. The all-round tinted windows are electrically operated. All five doors can be secured from a central locking device in the driver's door.

With luxury features like the quad speaker push button radio and stereo cassette player, the 3500 is unmistakably the range leader.

The award-winning Rover 3500 will cost you or your company £7174.44\* (A price which now has considerable business car tax advantages).



Before you decide, you'll want to know a lot more about the Rover range than we have space to tell.

A visit to your Rover showroom will provide all the details and the opportunity of a test drive, which is usually the decisive experience.



# Rover 2300/2600/3500

\*2300, 2600, manufacturer's figures, standard manual versions.  
\*2300, 2600, motor magazine, manual.  
\*Prices correct at time of going to press and include car tax, VAT, licence, first front seat belts and Supercover. Delivery and number plates extra.  
\*2300 shown with Dunlop-Denovo option, available on all models.  
\*Models available on 2300 and 2600 as showroom accessories.



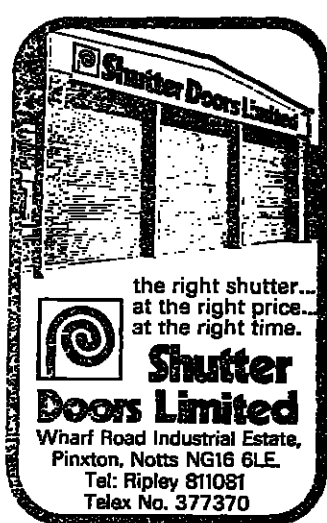
# Building and Civil Engineering

## Laing busy in Middle East

THE CENTRAL Military Command in Dubai has awarded a £4m contract to John Laing to build a sports stadium seating about 1,000 spectators in Dubai United Arab Emirates. Due for completion at the beginning of next year, the stadium building will be of reinforced concrete frame construction on two levels. The ground floor will accommodate changing areas, staff rooms and a lounge for 60 competitors. At first-floor level there will be a visitors' lounge for 120 people together with associated rooms.

## Improving homes

CONTRACTS WORTH nearly £2m for house modernisation have been won by D. T. Bullock and Co., a member of the Whitaker Ellis Bullock Group. One contract starting later this month, worth £1.5m, is for modernisation of 324 married quarters at RAF Tern Hill, Shropshire, for the Property Services Agency.



A special synthetic grass playing surface will cover the full-size football pitch, bordered by an eight-lane athletics track, and there will be facilities for field events on the west side of the track, opposite the stadium building, with overall floodlighting arranged on four 18-metre-high columns.

## Gatwick helicopter centre

NORTHWEST HOLIST Southern has been awarded a £2.3m contract to redevelop British Airways helicopter headquarters at Gatwick Airport. The contract covers redevelopment of the office and engineering blocks as well as external works and including the construction of a 50 metres x 50 metres x 10 metres high hanger with single span roof.

## Government centre in Abu Dhabi

THE DESIGN contract for a parliamentary complex in Abu Dhabi in the United Arab Emirates, has been awarded to consulting engineers White, Young and Partners working in collaboration with architects John Brunton and Partners.

loosely arranged in an elongated "U" layout which will include terraces and purdah walls. The foundations and roofs will be constructed in concrete.

## In Iraq

Ingeco Laing International SA, member company of the Altech Group, has been awarded a contract worth about US\$10m by Oil Refineries Administration covering the supply on a turnkey basis, with the exclusion of civil works only, of a plant at Qaiyarah, Iraq, for the production of asphalt from locally produced crude oil. Estimated capacity of the plant will be 120,000 tonnes per year.

White, Young says it is expected that work will commence within the next 12 months with a contract period of two years. International tenders are to be invited. The complex will cost about £6m.

## House for today

A PROTOTYPE of an "instant house" was displayed last week at the opening of BTR Permail RP's new factory in Gloucester. The system, called GRP 1200, was conceived and marketed by the Glass Reinforced Plastic Corporation, hoping to offer an answer to growing demand for quickly erected buildings at minimum cost.

A major outlet for the system is anticipated in rapidly developing countries, principally in the Middle East, and the modular design can be adapted for other applications such as hospitals, schools, barracks, offices, hotels, and leisure complexes.

## Upgrading a road in Kuwait

THE W. S. ATKINS GROUP, of Epsom, Surrey has been awarded a £2.3m consultancy commission by the Ministry of Public Works in Kuwait to design and supervise the upgrading of the dual carriageway Fahaheel road to expressway standards.

This work will involve 37 kilometres of the existing three-lane dual-carriageway which runs southwards from the suburbs of Kuwait City through areas of increasing urbanisation to and beyond the Port of Shuaiba. The project also includes upgrading three kilometres of the Sixth Ring Road westward from its junction with the Fahaheel Expressway.

## Bovis wins £2m awards

THREE MAJOR contracts totalling over £2m have been awarded to Bovis Civil Engineering of Westbury, Wiltshire.

The largest is for an underground car park surmounted by a store and warehouse for Associated Dairies at Lower Earley, near Reading. The building is to form the nucleus of a shopping centre for the new town of Lower Earley which will be developed over the next ten years. The contract, worth £1.5m, includes eight lock-up shops, offices, canteen and toilets.

Plant Saco Lowell has awarded a £1m contract to the company to build a new smelter for a textile machinery plant at Bolton, Lancashire. This work requires the demolition of old furnaces and the construction of a structural steel framework for the smelter's control building and electricity sub-station.

At Westbury the company is carrying out a ground works contract valued at £350,000 for a new extension to Tesco's regional storage depot.

## £10m job for Tarmac Maintaining historic Brighton

AWARD OF a £10m sub-contract for all the building and civil engineering work involved in the second phase of construction of the power station at Sharjah in the United Arab Emirates has been announced by Tarmac International.

Tarmac's remit covers foundations, culverts, pipework as well as all the buildings and structures associated with the power house. Also included are a pump-house, desalination plant and a 7.4m gallon reservoir.

Main contractor is Gruppo Industrie Elettro Meccaniche per Impianti All'Ester SPA of Milan.

Consulting engineers are Kennedy and Donkin with Sir William Halcrow and Partners as associated civil engineering consultants.

## Cubitts tops £50m at Thamesmead

WITH THE Greater London Council's latest award of £3.5m to Holland, Hannen and Cubitts, for advance civil engineering work in Area 8 East of the new riverside town, the company has now won more than £53m contracts at Thamesmead.

Work has just started on the two-year job which will be to provide the ground work for more than 750 new homes. The company is designing and installing more than 3,000 foundation piles to support the homes, constructing sewers, providing 100,000 cubic metres of fill, and building roads and a subway.

## Looking into Abu Dhabi

A SITE investigation contract valued at about £600,000, for a new harbour and oil refinery in Abu Dhabi, Gulf, has been awarded by the Abu Dhabi National Oil Company to Soil Mechanics Gulf Company, a subsidiary of the Bicknell-based Soil Mechanics.

Work has already started at Ruwais on the Gulf coast about 125 miles west of Abu Dhabi town, and includes detailed on and off-shore site investigation and foundation design for the refinery and a bulk cargo harbour. Also included are complete underwater and underground surveys.

Snamprogetti of Italy is to supervise the operations related to the refinery and ADNOC will direct the works for the harbour. The whole programme is expected to take three months.

## historic Brighton

THE GUILDFORD based construction company, Y. J. Lovell (Southern) has been awarded a contract for £940,890 for the redevelopment of the Wadhams Stringer site between Ship Street and Middle Street, Brighton for Grosvenor Estate Commercial Developments.

Comprising 26 shops, 10 maisonettes, three flats and 930 square metres of new and refurbished offices, the scheme will be known as Dukes Lane.

The company says an outstanding feature of the development is that it has been designed as an extension of the historic "Lanes" which lie immediately pavilion.

to the east of the site, and, for this reason, the architecture is deliberately "mixed".

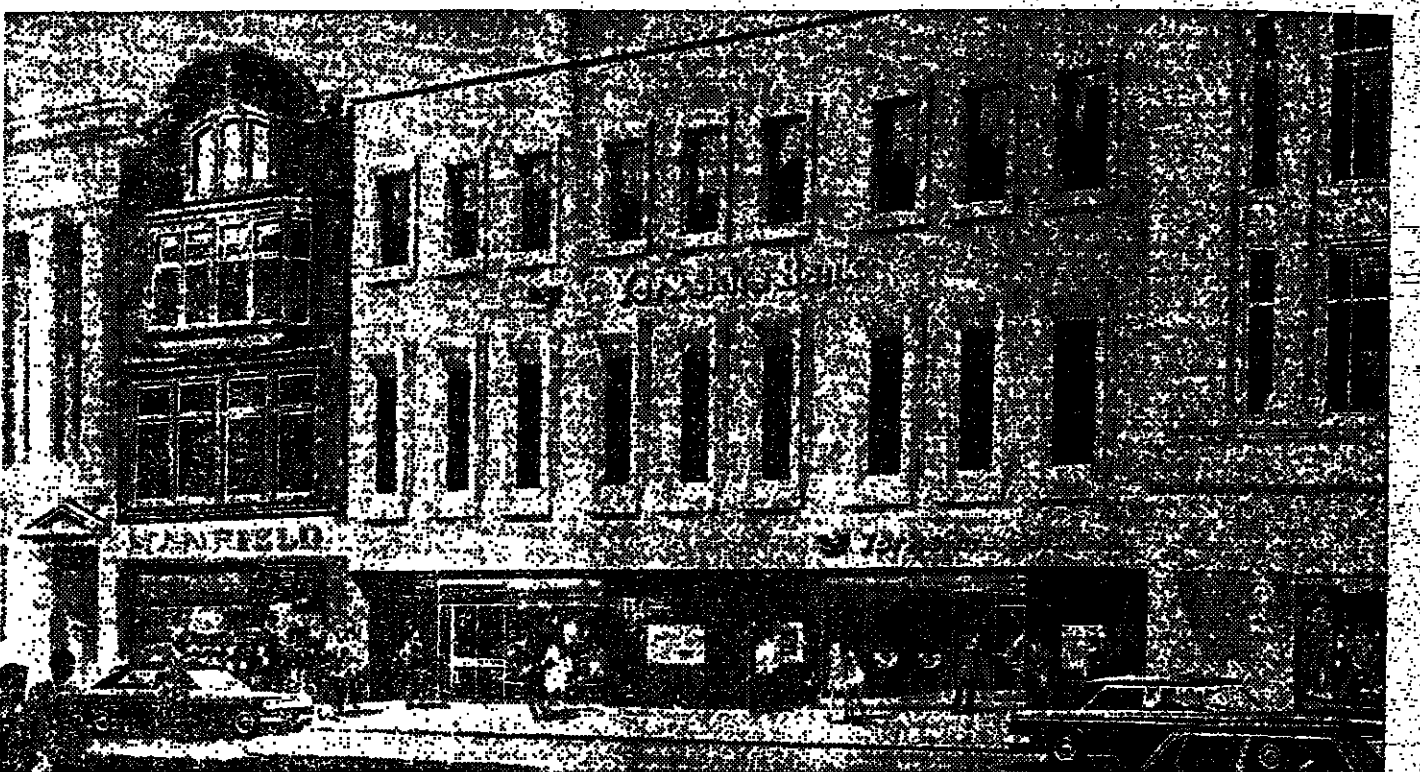
The roof line includes gabled roofs, hipped roofs with dormer windows and flat roofs. Additional variety is achieved by using both grey and blue slates and mock chimneys. Elevations are finished in black brick, white or flint and Dukes Lane itself is flanked by historic buildings.

First members of the newly formed Portal Frame Manufacturers Association are Atcon, Bell and Webster (Structures), Royal Free Hospital, Hampton, Crendon Concrete, Marley Buildings and Trent Regional Health Authority, under Concrete.

● A contract valued at over £234,000 has been awarded to the Broxburn branch of Alexander Hall and Son, a member of Aberdeen Construction Group, for construction of a sheltered housing unit at Almond Road, 3,000 steel W20 windows to a Broxburn, West Lothian, is for the Bield Housing Association, Edinburgh.

● Taylor Woodrow is to build four blocks of residences for medical staff and students at the Royal Free Hospital, Hampton, for the North East Thames Regional Health Authority, under Concrete.

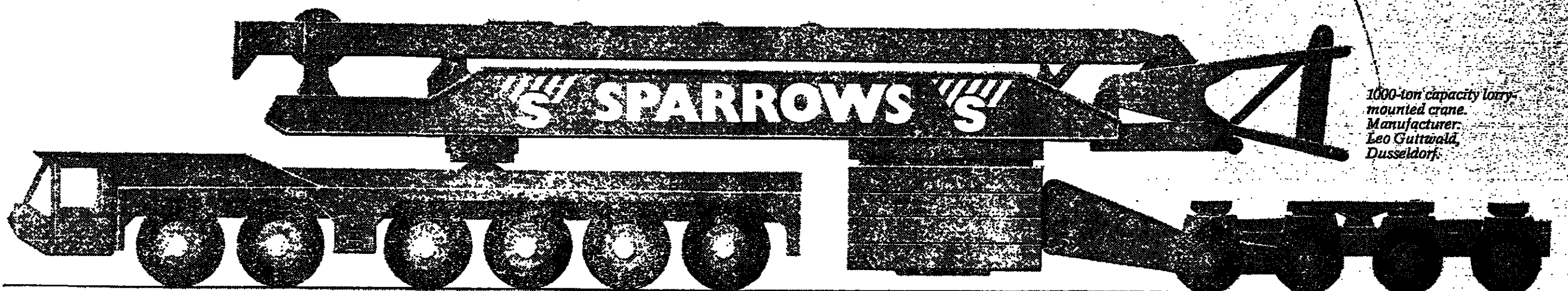
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Artist's impression of a new branch of the Yorkshire Bank being constructed under £700,000 contract by Henry Boot in St. Sepulchre Gate, Doncaster. The building has a clad in granite and hard York reinforced concrete frame and the sandstone.

Henry Boot in St. Sepulchre Gate, Doncaster. The building has a clad in granite and hard York reinforced concrete frame and the sandstone.

# The 1000 ton Sparrow



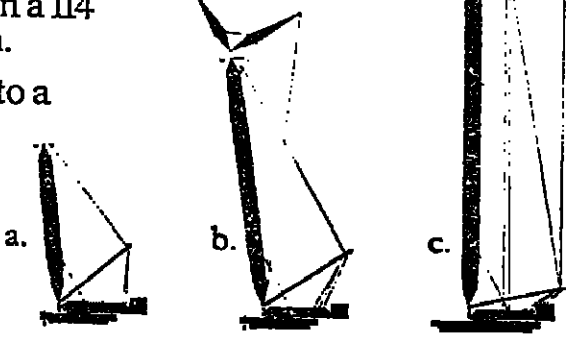
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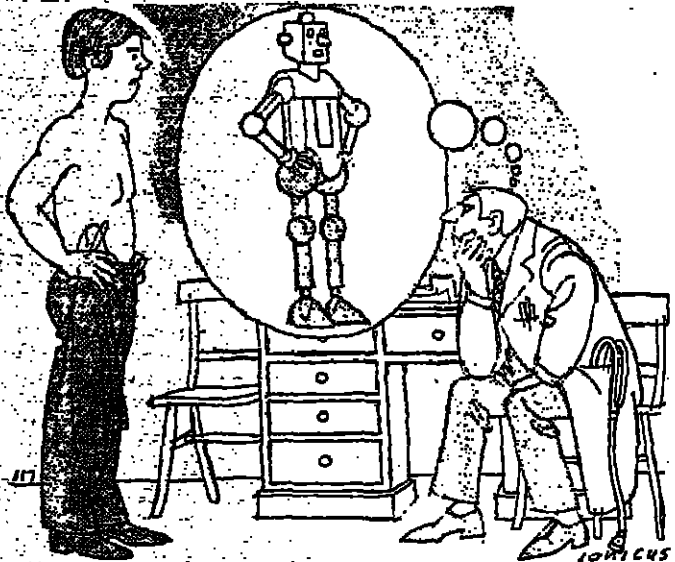
## The Executive's and Office World

EDITED BY CHRISTOPHER LORENZ

## EXECUTIVE HEALTH

BY DR. DAVID CARRICK

## The dubious benefits of machine medicals



... regarding him as a machine ...

SOME MODERN medical methods tend to lose sight of the human being as a person and regard him as a machine, more than a machine which has no soul nor any natural powers of recovery. Over-zealousness on the part of a growing band of scientifically orientated individuals who appear to have no conception and certainly no faith in the remarkable powers of self-healing of the human body, when both somatic and psychological factors are encouraged to combine harmoniously, is responsible for methods of treatment which, in years to come, may well be regarded as being as unfortunate as the less dangerous errors of Avicenna, the 10th century philosopher and physician, who never forgot that a patient was an individual, not simply and callously a "case."

North America, where even childbirth seems to be regarded as an abnormal occurrence, is the cradle of many undesirable inspirations and their products; and from there originated the idea and inception of the voluminous compulsory annual medical examination for executives, involving as little human participation as possible. The practice is spreading in this country and is no longer confined to American enterprises operating far from home. Happily the process has not reached—nor, I trust, will it ever reach—cancer-like proportions.

For example, there is at least one veritable medical hyper-fuse, so I am told, which is devoted to "processing" executives. The building has many floors, and the examinee is his employees. Why has he been whisked to the top where he is? Is he afraid that some in forms which are then fed into a computer. The machine tells him to descend a floor, where he is X-rayed, through an electrocardiograph and other machinery. Then down a floor where gowned and masked figures extract various fluids from his body; and so on through the floors until he reaches the maze where he is presented with a sealed envelope. This does not contain the scientific findings; only the bill. As a he fails to climb the ladder in

precaution against seizures, the way he had expected—or even drops a rung or two. He may well formulate fears that some dire medical disorder has been discovered and revealed to his superiors. However much he may be assured that the doctors in charge would never inform anyone other than their own colleagues of some dreadful disease, and then only when an employee is no easy task for an employee to put from his mind that those who sponsored the exercise would uncharacteristically squander money from an alien sense of innocent altruism.

Now it is quite true that the machines and tests may reveal certain tendencies based on current notions, but only many years of experience will reveal the validity or otherwise of such surmises. On the other hand, it is common experience that most maladies of a truly serious nature do not remain silent for long. They show themselves as vividly as the feathers of a cockbird in

Fortuitous. Supposing he agrees and goes through the battery of tests with a sealed envelope. This does not contain the scientific findings; only the bill. As a he fails to climb the ladder in

spring. These will certainly be revealed again by the battery of scientific tests; but, alas, this does not for one moment mean that they can be as easily cured. On the contrary, they may lead to a state of hypochondriasis.

I must make it clear at this point that I am referring to "full-body, total tests" and not to matters more specific. For example, regular cervical smears should be taken from women, as early diagnosis here may well lead to a happy outcome. But here one is dealing with disease that may have arisen as the result of treating health rather than illness.

A recent issue of the Journal of the Royal College of Physicians of London, reveals that, statistically, there is very little difference in life-expectancy etc. between groups who have had annual medicals over many years and control groups who have not participated in the exercise.

There is also mention of one complication that I had overlooked. In some candidates who are found to have, say, a higher blood-pressure than is considered normal, there is a tendency to begin to take time off from work because of that abnormality which, hitherto, had not exercised their imagination.

I must make it plain that I am not against annual medical examinations, whether performed by humans or machines, so long as individuals desire them at their own free will and expense, or, indeed, for any private medical treatment. It is their right and may promote happiness. And it is in no wise different from expending large sums on bigger, better television sets or outlandishly lavish weddings—practices not known among the ranks of those supposedly underprivileged.

For those who can afford none of these "luxuries," then that excessively expensive, wildly wobbling juggernaut, the NHS, should be able to supply all their needs as the accoucheur of the enterprise, the late Aneurin Bevan, honestly and faithfully believed that it would do so.

book, and make your top designer directly responsible to the chairman himself, on a par with all your other directors—in essence if not in name (Rams is not actually on the board).

This would mean a major change for almost every British manufacturing company, whose top design executive—if it has one—will at best be responsible to the board as a whole (and therefore junior to all the directors); or answerable to production or marketing, and therefore even more subservient.

To Rams, the three yardsticks of good industrial design are: functional quality; aesthetic quality; and "manufacturability." It is the successful, and cost-effective combination of all these three which have sustained Braun's success in the marketplace ever since Rams instigated its "design revolution" over 20 years ago.

C.L.

## Why employers are patently disturbed by the new law

By a special correspondent

AS FROM last Thursday, when the provisions of the Patents Act 1977 concerning employees' inventions came into force, relations between British employers and their employee-inventors have been on a new, very different and decidedly problematic footing.

Up to now, Parliament has not interfered in this field. Any question about the ownership of an invention made by an employee was left to be decided by the terms of that employee's contract of service or, in the absence of express terms, by the rules of common law.

Under these rules, difficult questions about ownership could arise if there was room for doubt on whether the employee's invention has been made in the course of his duties. So, in practice, most large employers required their employees to agree that any inventions made by them at any

time during their employment should be the property of the employer.

Under the 1977 Act, which applies to inventions made by employees after June 1 1978, the question whether an invention made by an employee belongs to him or his employer is no longer left to contract or the common law. It is governed by section 39 of the Act, which narrowly circumscribes the right of an employer to claim ownership of an invention.

Broadly speaking, the section provides that an employee's invention shall be taken to belong to his employer if made in the course of the employee's duties; and in circumstances where either an invention might reasonably be expected to result from the carrying out of those duties, or the employee had a special obligation to further the interests of the

employer's undertaking. In all other cases, the invention will belong to the employee.

The Act, also for the first time in British patent law, enables employees to claim compensation for inventions they have made.

The good intentions of those who framed the new provisions are not in doubt. But many employers and their advisers have serious misgivings as to how things will work out in practice. Since it will no longer be feasible for an employer to agree with his employees that any invention the latter may make during employment shall belong to him, some employers fear there will be interminable conflicts as to the ownership of inventions.

They also fear that when such conflicts occur it may in some cases be impossible to reach agreement that the invention should be exploited pending the

resolution of the dispute, when it may be too late to put it to practical use.

They believe that the new provisions may give rise to an unwillingness on the part of employees to reveal new inventions and ideas and to eagerness and rivalry between fellow employees working in the same field.

As for the compensation provisions, how is an employer, particularly a small employer, to allow for the possibility of a large claim for compensation arising perhaps 20 years after the invention was made?

The pessimistic view was well put by Lord Eccles during the Second Reading debate in the House of Lords, when he remarked that the provisions appeared to do nothing more than provide a feast for lawyers and would very likely imperil the relations between employee and employer. Even if one does not go all the way with Lord Eccles, one is left with the feeling that the new provisions are likely to do more harm than good.

## And how employees stand to gain

court, within "the prescribed period."

In the case of an invention made by an employee, he may also apply for compensation to the Comptroller or the court after an employee's invention within the prescribed period, was made.

The amount of compensation for both kinds of invention is stated in section 41 of the Act to be "such as will secure for the employee a fair share (having regard to all the circumstances) of the benefit which the employer has derived, or may reasonably be expected to derive, from the patent."

And the section contains elaborate additional provisions as to what is to be taken into account by the court or Comptroller in determining the fair share.

So, in determining the fair share in respect of a patent which has always belonged to the employer, the court or

Comptroller must take into account, among other things, the nature of the employee's duties; his remuneration; the other advantages he derives or has derived from his employment or in relation to the invention under the Act; the effort and skill he has devoted to making the invention; the effort and skill which any other person has devoted to making the invention; and the contribution made by the employer to the invention by the provision of advice and facilities and managerial and commercial skill.

In determining the fair share of the benefit to be secured to an employee in respect of a patent for an invention which originally belonged to him, the court or Comptroller must take into account, among other things, any conditions in a licence or licences granted in respect of the patent, the extent to which the invention was made jointly by the employee with any other person and the contribution made by the employer to the invention.

The author is a QC

MANUFACTURING industry last week chalked up a new British "first" in top-quality design—but the victor was a German.

For the first time the Society of Industrial Artists and Designers awarded its annual Design Medal to a designer who is a full-time employee of a manufacturing company—Dieter Rams, the brains behind the top-class design image of Braun, and engineering, to "boot"—has

## Braun-designer wins top British medal

the West German domestic appliance maker. The Society argues that it is a little more than coincidence that a designer of a designer—Dieter Rams, the brains behind the top-class design image of Braun, and engineering, to "boot"—has

gone abroad. The award is generally given to non-British designers every second year, and 1978 was the turn of a foreigner. The fact remains that no British designer in manufacturing has yet seemed an obvious "must" for the medal. Rather than blaming the quality of British designers for this failing, which epitomises the poor design reputation of many U.K. industrial products—and their poor export performance—it is just as likely that the fault lies with the individual designer's lack of influence in the companies for which he works. For this, it is only the top management which can fairly be blamed.

So if you want your company to be as successful in the market as Braun, take a leaf from its

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## هكذا آمن الأهل



**Coriolanus**  
by B. A. YOUNG

A mood of intransigent excitement breaks out the moment the stage is lit, and it never relaxes for the rest of the magical evening. Downstairs the audience is egged on by Barrie Rutter's radical First City, seen ready to jump down over the front of the 'stage' and set about the performers with their pikes. Lucky for them that Graham Crowden's Menzies is firmly settled on his shooting-still, is so emollient with his cunningly long-drawn-out tale of the belly and the limbs.

The evening is long; the play lasts about three hours and a half; yet the tension never slackens, not for an instant. The hands, as directed by Terry Brinded, in what might be described as 19th-century Stratford house-style, with a minimum of scenery, lively crowd scenes conjured up (rather astonishingly in a play that depends so much on the temper of the people) with a handful of props, events following one another as fast as physically possible.

The outstanding performances are naturally those of Alan Howard as Coriolanus and Volumina Audley as his mother. Like as her son, Alan is a warlike patrician in the dignity of which she trumpets forth her faith in the dictatorship of the elite or goes through the motions of her son to be a two-fold traitor. But Barrie's quiet Virgilia must have forewarned in that household pure agony when her husband was, as usual, away at the wars.

And Mr. Howard I have some doubts about. There is no doubt that with years of experience from his emery-edged voice he can raise up a martial music that sends them in the gallery. This is known as splitting the ears of the groundlings. My case is like Desdemona's: "I understand a fury in your words, but not the words." The emotions sound as they should, but it is a rare thing if Mr. Howard infects the lines in accordance with their natural meaning, or indeed with any meaning. He might as well be singing them from a musical score. I don't deny the physical pleasure I get from hearing him; but how much better if I could hear that the actual sense of the words.

There is much good common-sense speaking from the characters around him. John Burgess and Oliver Ford-Davies bring the Tribunes to life in the very image of General Secretaries of the Labour Union; and at the other end of the scale, the Volscians are some notably good playing by Jeffery Dench as Cominius.

The Volscians are encapsulated in Julian Glover's icy, statuesque Aulidius, half a head taller than Coriolanus and suggesting a soldier character. All the Romans have a hand-to-hand fight with his Roman adversary—a hand-in-hand fight in fact—he is the loser, and has to be rescued by his minions.

Barrie's set, the grey, trapezium-shaped blocks that line each side of the stage capable of cunningly swivelling on their axes to enclose small areas, or to represent high walls, gives a very lively and exciting lighting, by Terry Hands himself, is often particularly interesting as it selects small areas of special concern. There is a fascinating moment when a volscian slings a rock at a shield crowded east, three menacing shadows on the back wall.



Alan Howard

**Towngate, Basildon**

**Don Gio**

Operabont, as its name implies, is an ambulatory company that visits the smaller theatres of Hertfordshire. Based in Hitchin, it has been touring since 1969. Last year I heard a respectable performance of *The Marriage of Figaro* at Stevenage; this season a tour of *Don Giovanni* to seven different centres has been opened by Towngate Theatre, Basildon. Though it is wrong to pretend that enthusiasm can always compensate for lack of professional finish in opera, it is equally mistaken to deny that the achievement of amateur companies can be astonishingly high standard. Having heard *Don Giovanni* at Glyndebourne the previous night, I was nevertheless completely absorbed by Operabont's performance. James E. O'Leary's solid looking permanent set solves the problem of continuity while seeming unsuitable only for the scene in the graveyard, where the Commandatore's disembodied voice comes from behind the audience. The music is also assured, smooth transposition from scene to scene. He also gives the characters a stage style during ensemble numbers otherwise gives them sufficient movement to keep the action plausible on a naturalistic level. So Don Giovanni is presented as a dilettante seducer by Peter Siskind, a really light-weight but with enough strength of purpose to uphold his defiance of the avenging statue when retribution overtakes him.

Sheila Amit's Donna Anna combines a successful personality with firm-toned singing in a performance of some power. Her Don Ottavio, David McCord, is kept in subjugation throughout; he phrases "Dalla sua spina" (the opera is sung in Geoffrey Dunn's English translation) with lyrical ardour, but loses "Mi mio tesoro. " "Mi tradi" is also cut, which seems a shame, as Elaine Padmore sings the rest of Donna Anna's music so meaningfully. Her Lady from Murcia has the correct air of monomania; seldom have I

# The Bath Festival

by RONALD CRICHTON

Bath last week had royal and Chabrier's *Souvenirs de*  
weather almost as spectacular as *Munich*. This set of quadrilles

that for the 1977 Festival during the Jubilee days. Once again, there was an unfortunate gap between the opening of Glyndebourne and the first performance, by the John Alldis Choir, of Holloway's *Hymn for Voices*. Sir William Glock's programming has shown his great flair for choices and juxtapositions that turn out so stimulating a performance even when they are comparatively ordinary on paper. The first week was notable for a number of chamber concerters of agreeable variety and interest.

At lunchtime in the Guildhall on Tuesday, the gifted Arditi Quartet introduced to this country a work by the Viennese composer Kurt Schwertsik. *Die Kunst der Kunst* was a commission from the Hamburg Kunsthalle, not less than their bicentenary show of the famous Caspar David Friedrich. Schwertsik has a slightly surreal sense of humour which leads inevitably to comparisons with Schumann, affinity neither to be exaggerated nor dismissed. The score is prefaced with an instruction borrowed from C. D. Friedrich: "... these pictures are to be looked at to the accompaniment of music."

"Our pieces" respectively titled "Hoquetus," "Lied," "Nachtstuck" and "Ostinato-Bordun" alternate with "Fragments" of varying length and degree of completion, the last of them a breaking off, a musical equivalent not less of painter's sketches of clouds, foliage, drapery or limbs. In spite of the visual affinities this is musician's music. The experienced and expert orchestral player: everything sits precisely and effectively, none obscure and muddy drone effects in the "Ostinato-Bordun" as exactly calculated as anything else.

This was preceded on this occasion by Webern's *Five Moments* op. 5 and followed by Ylietti's String Quartet No. 2. These evocative performances and the even more striking reading of the Canino-Ballista piano concerto on tape by the Arditi Quartet, *The Monument, Selbstportrait* and *Beueung*, suggested the possibility that we may be entering a Hellenistic age of music with Webern as pre-precursor—of the musical or musical-poetical, the sublime, the ecstatic and the lyric. The Ligeti piano-piano pieces were especially striking, most of all the one with great clangings and misplaced accents, like church bells heard through an unevenly revolving mirror.

The Canino-Ballista recital also advertised Schubert's four-hand divertimento *à la Hongroise*, which, even with such good players, only the third movement fully deserves public as opposed to private performance.

of themes from Tristan—a truly, apparently irrelevant—on a satyr-play, the only way that Chabrier's individuality could be kept from the music, tend to be set up by exposure to Wagner's masterpiece, at once so potentially attractive to him yet so opposed in many respects to his own musical nature.

On Wednesday at the early evening concert, the Lindas Quartet gave the first performance of Hugh Wood's Quartet No. 2. It was a work assembled from short sections of the score signposted with unattributed literary quotations (from Donne, Herbert and others, I gather). Though these indicate a basic programme of the winter-spring, darkness-light, grief-stricken kind, the differing moods of music are so much developed as set against one another. There are big gestures and big sonorities with generous use of arpeggios and widely spaced accompanimental figures. The result, in a rendering clearly devotedly prepared, was impressive but also, in the warm and heavily-resonant Assembly Rooms, oppressive. Further chances of hearing the work will surely come soon to our ears.

On Thursday, a single performance on Tuesday evening by Rye String Opera of a double-bill—Perales's *La sera padrona* and Mozart's *Der Schauspieler-director*. The company was presumably of the kind of amateurish but Dushkin Chamber Ensemble—conducted by Michael Howard—playing rough in detail but vigorous and full-blooded in general effect, producing in the first of the two pieces the unattainable for example in the low-roofed auditorium at Glyndebourne. Both pieces were given with English recitative (Pergolesi) or dialogue (Mozart) with arias and ensembles in the latter. The productions were archly in intention and clear in execution. Of the singers the two men, Martyn Hill and Stephane Varcoe emerged with the most noticeable voices, the others doing well in this guise, good and useful.

No such reservations were needed for Thursday's big Mozart evening by the Monteverdi Choir and Orchestra under John Eliot Gardiner in Wells Cathedral, putting together a considerable number of great works—the Mass in C minor and the Requiem. Strong performance, well-judged for speed: Wells is good for sound as cathedrals go, but not foolproof. Hearing the two works one after the other, the latter seemed much the more consistent, the difference between the sublime and the merely grandly imposing parts of the Mass suggesting that Mozart did not complete the score because he was conscious of the inequalities.

oyent Garden

Pavarotti

by ELIZABETH FORBES

To judge by the applause, Luciano Pavarotti's numerous admirers, who filled Covent Garden to bursting point for the Italian tenor's recital last night, could obviously have preferred their idol to sing nothing but operatic music by Verdi or Donizetti. The excerpts from *La traviata* and *Lucia di Lammermoor* that he included were rewarded with the rapture and ecstacy usually reserved for pop singers, while less spectacular items of his programme, which gave equal or greater pleasure, did not rate nearly such tremendous ovations.

In the group of classical Italian songs with which the recital opened, Gluck's "Che far senza Euridice" was sung to the accompaniment of a libretto. "Che hero costume," a splendidly ironic piece on the destructiveness of Cupid, from Legrenzi's opera *Eteocle e Polinice* (1675), the tenor's eloquent diction was admirably employed, while a genuine thrill set the seal on his interpretation. Similarly, in the 19th-century songs that followed, Beethoven's "In questa tomba oscura" was overloaded with emotion, but the seamless line on which Mr. Pavarotti can thread his words when his wishes are in evidence was shown in Donizetti's "Parca solo" and Rossini's "La danza."

Two of Liszt's three settings of Petrarch sonnets made up the surprise item of the programme. Their very wide range caused no difficulty to his singer, while the plain cleanness of the melodic line, elegantly introduced by the composer was well suited to Mr. Pavarotti's operatic attitude towards even the most introspective of song texts. But it was perhaps in a group of songs by Tosti that style and sentiment were most well matched. The sentiments of "Aprile" and "Ideale," sympathetically phrased by a voice of such calibre, and accompanied with the discretion that John Wustman brought to the piano accompaniment, gave the programme a transient thrill, in "Marechiaro" a more dramatic vocal line tempted the tenor to an over-indulgence in tremolo.

ELIZABETH FORBES

# Coliseum

## Requiem

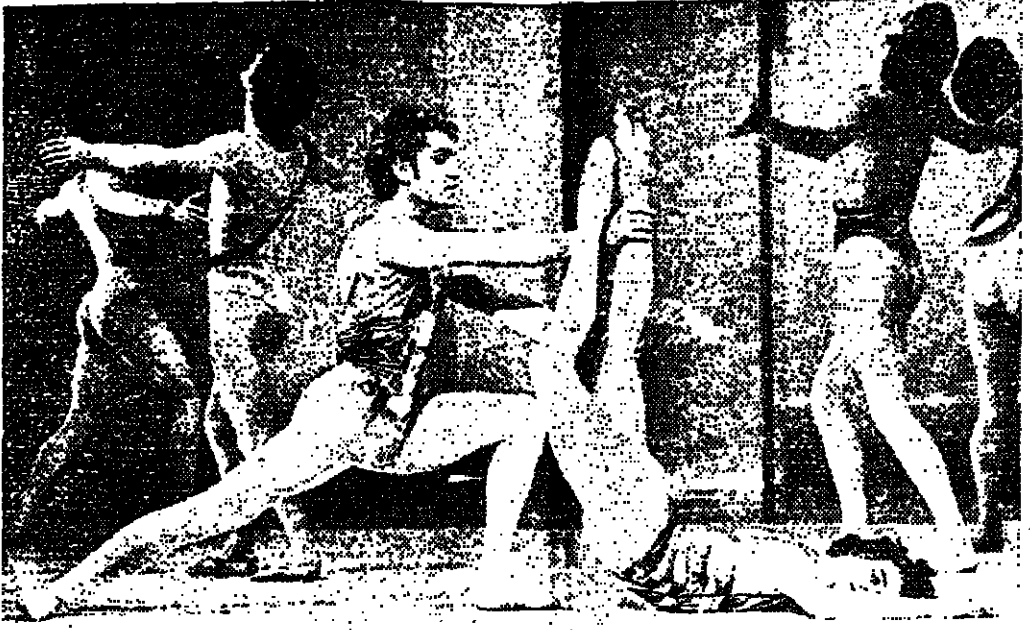
by CLEMENT CRISP

Fauré's *Requiem*, written following the death of his father, may seem a gentle work when compared with the emotionalism of certain other settings, but its response to the text is to the religious matter of the Mass for the dead no less than to the living. What MacMillan does in his realisation of the score is to match at every point Fauré's refinement and subtlety of means: without bombast, hysteria, or penitential wallowing, he finds images and streamlines of movement that treat with the utmost sincerity of the hopes and fears we know in the face of death.

I reported fully on the work of its Stuttgart premiere 18 months ago. Now the Stuttgart Ballet has brought it to London and it was seen in a triple bill on Friday night—or rather, extraordinarily seen, since Voland and his company of strings were so horrendous, and the lighting was so terrible. Despite this, the piece was given a magnificent interpretation by its original cast, and it again revealed as a major work of art. MacMillan has avoided anything that is conventional or commercially pietistic—I have long treasured the memory of a staging of the Nun's chorale from *Cassanova* in which a group of monks in white nun costumes collapsed while bouquets were in their backs, to make a caricature form pattern of black draperies and white blossoms, which is the sort of tosh to still an audience with the beauty of religious dancing.

MacMillan's procedure is totally other. *Requiem* opens with 50 dancers shuffling or crawling at the *Introitus*, their shoulders aspe, fists beating their own chests in a prayerful gesture, the role of the *Requiem*—Richard Cragen—gloriously expressive—cries for liberation from the deep pit and the lion's mouth, his body soaring in application and then curled in a knot supported on the ground with his head in the most beautiful single moment in this piece. Cragen's dance is a beautiful ballet: is that when a cardinal Haydee is borne on and curves down to Cragen's body, and he chucking him briefly on the nose, the role of the *Requiem* is complete, with none. Haydee throughout incarnates the hope of heaven. To the inverted body of Birgit Keil in the *Agnus Dei*, she appears yet again as the promise of peace: in the *Pie Jesu* she is the role of the *Requiem*—innocence and trust in the close embrace of *paradisi*um a blaze of light shines on the assembled dancers, and they leave the stage, walking in amiable couples, or borne out in high lifts, with Haydee blessing in the arms of the *Requiem*—Cragen and Cragen.

Throughout, we can sense the richness and nobility of the



Reid Anderson and Egon Madsen in 'Requiem'

MacMillan's dance-language, which has found some of its inspiration in the drawings of William Blake. Poses like those of the three boys at the words "The Three Dancers" will be recognised by anyone who visits the Tate Gallery's Blake show.

and acquires *Requiem* for the Royal Ballet — Yolanda Sonnabend's luminous setting must be seen in full: on Friday we were shown only three of the six dances, plus the first of the design; and the ballet must be decently lit.

The rest of the programme

Forsythe is a fluent step-maker — which is a good thing, and his dancers — notably his quartet of women — are superb.

Montaigne, Barry Laganham and Kurt Spehn — do him proud.

About John Neumeier's *Der Fall Hamlet* (The Hamlet Case) also in the programme, 1 cat-

most to stand by itself in a programme, so deep are the feelings it engenders, so powerful the performances it inspires from its admirable cast. Musically the score went well under Stewart Kershaw on Friday: the Ambrosian Singers were in fine voice, though I disliked both soloists. But when it comes to the London again — or when Covent Garden summons up its courage

graphy by one of Stuttgart's new talents. William Forsythe's *Flow* is a young man's ballet, full of Balanchinesque fervour, to Handel concert grossi. It is right that Forsythe should show the he can deplur dancers in plotless dances, and he also provides excellent design for this piece. The pas de deux work is often over-complex, and the ballet is far too long, but

Maesen, Andersen and Luchini Montagnon are all involved; that it bears a score by Aaron Copland having all the dulcet charms of a berserk steam-hammer; and that it merits the attention of the Royal Society for the Prevention of Cruelty to Audiences. The dance style is harsh, psyches rampage; characters are gorttied between other character's thighs; maybe we are seeing Elsinore's team for *It's a Knockout*.

## Glyndebourne

# Don Giovanni

The revival of *Don Giovanni* in Peter Hall's now celebrated production (rehearsed by Stewart Trottier) brings another chance to admire the intelligence and perception of the handling and, with the aid of John Barry's adaptable sets, the admirably continuous flow of the action. Also, and rather more strongly than *Anna* before, the grim determination of producer and designer to cast this opera of conventional latin-conium glamour.

There is a new *Giovanni*, the American baritone Brent Ellis, heard last year as Fort in *Elisabetta*. Mr. Ellis is an excellent singer with a compact, well-rundered voice and a gift for absolutely clear, rhythmically accurate, rapid declamation (invaluable for *Giovanni's* repartee and for the drinking song). There are no fa, but no stage colour, the singing never disurprises.

In appearance Mr. Brent abets

the Northernisation of the setting, a snub-nosed Lieutenant more likely, one feels, to be leading a commando raid than plotting seductions in Seville. A potentially dangerous customer, not in the least, he is dressed for Hell. Stafford Dean is back as Leporello, the mainspring (though Mr. Dean is anything but a selfish performer) of this cast with his command of the stage, burnished voice and razor-sharp timing. There is a new Commendatore, Leonard Mroz from Poland, who would seem better stiff if one could forget Pierre Thau. But the most interesting of the newcomers is the Anna, Norma Sharrin, an American soprano noticed last year at Bayreuth, shows achievement as well as promise in this assault-course of a role. And she brought the quality of surprise—one was not prepared for the sudden melting of her tone in the sextet.

Nicholas Montomagnon conducts (Nicholas Braithwaite takes over later. With the aid of the

London Philharmonic, Mr. Montomagnon supplies some of the Southern languors missing on stage. They are worth it, even at the expense of some tautness, in ensemble. Others who return from one or other of the 1977 casts are Rosario Andrade (Figaro), Philip Langridge (Gottlieb), Elizabeth Gulev (Zerlina) and John Rawnley (Masetto). One development that is not an improvement is the back-lighting for the Act 3 scene with Elvira, *Giovanni* and the disguised Leporello—last year one could see Leporello's features, now they are lost. But the lighting of the sextet, though it is a little fussy, helps the action while maintaining the fiction of darkness. On Friday the first-act quartet "Non ti fidar come se near the ideal" sung on non ti fidar and the music as one is likely to see—a long way nearer than efforts dignified with the dead terms "music theatre."

RONALD CRICHTON

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**London Choral Society**  
appointment

Simon Rattle has been appointed principal conductor of the London Choral Society from September 1979. Mr. Rattle, who is 24, is assistant conductor of the BBC Scottish Symphony Orchestra and associate conductor of the Royal Liverpool Philharmonic Orchestra.

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## SALT in the balance

THE PAST few days have seen a distinct toughening in American attitudes towards the Soviet Union. After a period of some confusion last week, U.S. aircraft are now in operation to help protect Zaire from a new invasion and Washington is taking an increasingly firm line in the strategic arms limitation talks with Moscow. The new mood in Washington is partly the result of real concern at the spread of Russian influence in Africa. It also, however, reflects a broader wave of anti-Soviet feeling in the U.S.

## Limited war

At the same time, President Carter has reacted to the growing Soviet military buildup by clearly reaffirming the U.S. commitment to defend Western Europe against an attack by the Warsaw Pact. His pledge to use, if necessary, the full force of American military power, including strategic nuclear weapons, at last week's NATO summit, comes at an appropriate moment. There is growing and justifiable concern in the alliance, particularly in Bonn, at the steadily increasing power of medium-range Soviet nuclear weapons targeted on Western Europe not so far covered by the SALT negotiations. It is obviously of the utmost importance that Moscow should not be allowed to gain the impression that a limited war, whether conventional or nuclear, could conceivably be fought in Europe without the risk of triggering the main element of the allied deterrent — the American strategic arsenal.

The strengthening of conventional forces under the alliance's long-term defence programme is no less important. In the first place, it raises the nuclear threshold by prolonging the time in which the West could hope to contain a Warsaw Pact attack by conventional means. In the second, it strengthens the Western position in negotiations with the East. It is no good expecting the Soviet Union to agree to the Western aim of force reductions in Central Europe out of sympathy for NATO's deficiencies. The Washington summit confirmed that the alliance's overall policy must be to approach arms limitation agreements from a position of strength.

## Government and the City

THE WILSON Committee has two achievements to its credit. It has prompted the financial establishment to produce a valuable self-portrait of the way the financial institutions work, and it has revealed a consensus of opinion that this establishment is not a bottle-neck restricting Britain's industrial growth.

This second achievement has grown wearisome to the ear through constant repetition. A more benign ideological climate has robbed it of impact. Yet it is worth remembering that when the Wilson Committee was conceived, two years ago, the City was still a potential scapegoat and discussion of our financial system's apparent shortcomings found a receptive audience.

## North Sea oil

A report by a Wilson Committee working party on the financing of North Sea Oil, out today, is an excellent example of the Committee's two achievements. First it is a clear account of a complex subject. It sheds light on the financing of North Sea Oil, yet leaves no doubt as to the magnitude of the problem. In a matter of years the financial establishment had to gear itself up to finance the equivalent of one quarter of the UK's annual rate of industrial investment—all concentrated in one strange and risky business.

The Committee regarded this as a test case for the financial institutions since in this area the demand for funds was undoubted and any deficiencies in the supply mechanism would be likely to be revealed. Yet the working party found that the financial system had been equal to the challenge. The system was not risk-averse, for it produced equity finance for situations where the risk of a total loss was very high. It was not interested only in quick return, for it produced finance in the certain knowledge that the period between investment and reward would prove a long

one. Nor was the establishment deterred by the scale of the required financing.

The inference is clear: if demands for finance are made of our financial institutions, they respond. How can the demand for finance for less glamorous forms of investment in British industry be stimulated? Is the answer a function only of the tax system, the world's economic outlook and the political climate? Or must the "pump be primed," as trade union leaders suggest, and must industry's appetite for funds be whetted with forced infusions of pension fund money?

The question whether Britain's institutional funds should be "directed" into British industry has been the key issue underlying the first stage of the Wilson Committee's inquiry. In the latest transcript of the Committee's hearings Lord Roll, the chairman of Warburs and the chairman of the Committee of Finance for Investment, is pushed quite hard on this question by Committee members.

## New demands

The banker's answer is not pure capitalism. He feels that the "Industrial Strategy" and the activities of the Sector Working Parties can help Britain's industrial performance. If only by keeping civil servants, bankers and trades unionists in touch with industrial reality. But he also argues that as soon as the industrial improvement occurs the financial establishment will react, without prompting, to the new demands made of it.

It is a case of official involvement in industry, but hands off the financial sector. Interestingly, this mixed attitude is borne out by the report of the Wilson Committee's working party on North Sea Oil. While it commends the performance of the financial establishment, it certainly does not present the successful exploitation of the North Sea as a triumph for unfettered free enterprise.

## Whitehall v. MPs in the fight over monitoring public money

BY DAVID FREUD

BACKBENCH MPs have published last September said: "Our system of public audit is out of date."

The Comptroller, at present Sir Douglas Henley, a former senior Treasury official in charge of public spending, has responsibility for auditing the expenditure of central government departments. He also deals with some quasi-governmental bodies by private agreement or practice, but has no responsibility for the nationalised industries or local authorities.

The committee wants the official responsible for auditing central government expenditure—the Comptroller and Auditor General—brought more directly under the Commons' control and his powers extended. It would also like him to go beyond the purely financial and regulatory auditing, on which he concentrates at present, and to take a more positive role in monitoring managerial efficiency in the government bureaucracy.

These changes, if implemented, would clearly give the Commons far greater insight into and control over the Civil Service than it enjoys at present. But the committee claims that its efforts have been hampered by deliberate obstructions placed in its path by Whitehall, and especially the Treasury.

Mr. Michael English, MP, Labour chairman of the general sub-committee of the Expenditure Committee, claims that the bureaucracy's tactics have included unnecessary delays and misrepresentation.

## The taxpayers' interest

The committee is now planning to step up the pressure with a debate on its proposals on the floor of the Commons—probably next month. And Mr. English is confident of widespread support among MPs.

The case for monitoring public money is usually regarded as fairly strong by the average taxpayer, he points out. The Expenditure Committee's case for strengthening the role of the Comptroller was heavily influenced by a visit to the U.S. to see how the General Accounting Office operated. The U.S. office has responsibility for auditing all federal funds except those used by certain federal agencies engaged in bank supervision and in intelligence services. It can chase public money wherever it goes, whether in grants to individual States or subsidies to private companies.

Its audits concentrate heavily on non-financial aspects, with some 90 per cent of resources devoted to management audit and cost benefit analysis. Its staff includes specialists—economists, engineers and statisticians—equipped to handle this approach.

By contrast, the 11th Report of the Expenditure Committee



Mr. Michael English, MP, chairman of the general sub-committee of the Expenditure Committee (left) and Sir Douglas Henley, the Comptroller and Auditor General

relationship that has led many to consider him a "Servant of the House." However, this relationship is not formalised in the legislation, except in the ultimate sense that, like a judge, he can only be dismissed by Parliament. The Commons neither appoints him, nor can it direct him: to initiate an inquiry.

The Expenditure Committee's report proposed to establish the relationship is not formalised. It said: "We regard the Comptroller and the E & AD as properly part of the staff of Parliament, although the relevant Acts do not. Any amendment to the House of Commons Commission so that it will become clear that they should initiate inquiries if requested to do so by the House or one of its Committees."

The legislation for the Commission is currently going through the House, and is intended to take final control of Parliamentary staff from the Treasury and Civil Service Department, where it lies at the moment.

## The chairman: 'It was a lie'

The White Paper gave short shrift to this proposal, saying that the Government considered it to be of cardinal importance that the Comptroller should not be subject to directions "from any quarter" in the exercise of duties laid on him to undertake an effective audit and scrutiny of the expenditure of the executive.

This reply, as the committee discovered after lengthy and painstaking research, was based on a mistaken interpretation of the law. Mr. English is blunter. "It was a lie," he said. Under the 1921 Act, Sir Douglas is indeed required to submit to external direction from one

GAO's work, they say, and it seems to have abandoned financial auditing almost entirely. Whitehall also believes that no department was ever made efficient through external prods and pressure. Efficiency, it argues, is built up internally, a process which both the Treasury and Civil Service Department have a role in encouraging.

The prime requirement is to have a body capable of doing a proper job of regulatory auditing, say officials. They would prefer to see a separate body set up, starting from scratch, if it were decided to follow the U.S. model. They believe this would be easier than converting and E & AD into something like the GAO.

The committee's proposals to expand the Comptroller's powers over a larger area of public spending, were also opposed in the White Paper. In particular the Government rejected the recommendation that Sir Douglas should take over ultimate responsibility for auditing the local authorities.

At present, this is done by the 591 staff of the District Audit under the Department of the Environment. However, the Government's local authority finance Green Paper of May, 1977, proposed to transfer the responsibility for the staff to an institution made up of local authority representatives and Environment Ministers and civil servants.

## Major upsurge among MPs

The committee argued that neither under the present nor proposed arrangements were the district auditors truly independent. Mr. English dismisses the White Paper's argument that they are independent from the executive because their duties are laid directly on them by Act of Parliament.

Mr. English points out: "Both factory and school inspectors have their duties spelled out by Act of Parliament. That doesn't make them independent. If the Department of Environment has the power to sack the district auditor, he cannot truly be independent."

The committee's immediate plans are to make a reply to the White Paper, followed by the full-scale Commons debate. There is considerable strength of feeling among MPs of all parties about the way the Government has rejected the recommendations—which were agreed unanimously by committee members.

Whether or not the proposals are eventually adopted, the initiative—coming at a time of merger talks between the two powerful Public Accounts and Expenditure Committees—represents a major upsurge in the determination of backbench MPs to wrest the monitoring of public spending from Whitehall.

## MEN AND MATTERS

## Novel gift for LSE research

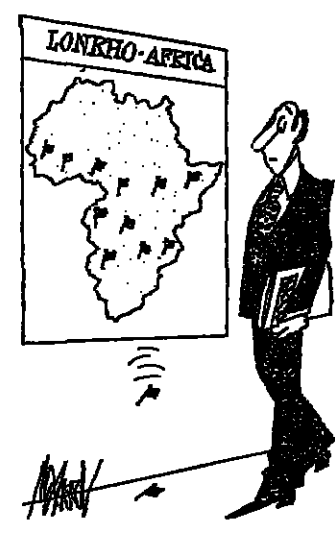
The major international companies have had their roles scrutinised by the UN and their activities frequently questioned in the Press. So when a major university accepts £2m from two such companies the inevitable question is whether this will affect the direction of the university's research. When I asked professors at the London School of Economics they said they too had been worried about this, but were certain that they had a no-strings gift in the money they have just been given by the Japanese car manufacturer, Toyota and Japanese whisky manufacturer, Suntory.

It was French champagne rather than Suntory's products which was being drunk. As for Professor R. Dahrendorf, Director of the LSE, he was careful to stress that "Research goes its own way. Its results cannot be predicted, because it is an exploration of the unknown."

Discussion of the gift with the Japanese companies was initiated last year by Professor Michio Morishima, a Japanese mathematical economist who has been with the LSE since 1970. Students told me that he used to have a reputation for being on the left.

Morishima is now working with Professor Alan Day and Basil Yamey on establishing and preparing the research centre which is to use the income from the gift. Would the gift not discourage research into questions which might cast a shadow on large companies such as Toyota? I asked Day. But he insisted: "If the steering committee at the Centre took the view that there were serious questions to be tested in a critical way, then this would go ahead." He thought that research in this field had so far been "rather bad."

For him it was "as liberal a trust deed" as you could expect



and Sir Huw insisted that the only exclusions were "high living" and studies outside the very broad categories set out in the deed.

The students told me: "We will be watching matters closely." But their leaders were far less outspoken than the slogans on their walls—perhaps because it is examination time and, they say, they have become used to what they see as symptoms of the school reverting back to neo-classical economics.

## Rule by decree

After 12 years of military rule Nigeria has now found a novel way of ensuring stability. Its Constituent Assembly announced this at the end of last week when it decreed that from now onwards there should be no more military coups.

The Assembly which is working out a new constitution in preparation for civil rule next year (or sometime in 1980) has announced that this constitution will reign supreme. An amendment to a section of chapter one says: "Nigeria shall not be governed nor shall any person take control thereof except in

accordance with the provisions of this constitution."

Nigeria has had four military coups since it became independent in 1960. Still it is good to see people learning from history, though there may be some grumbles from officers who believed that "saving their country" was a fundamental human right.

## Football tie

However many Argentinians may have been worrying about whether their country could afford the \$700m which it has spent on hosting the World Cup, the country's cab drivers had long looked forward to some bumper weeks. But it seems that many of these are now ruling the day that football fever came their way. The London magazine, *Text* informs me that the city authorities in Buenos Aires are so keen that they should make a fine impression on their visitors that the city's cabs have been spruced up too.

Best described as "highly individualistic" the cabs now carry illuminated plastic roof signs on their roofs—many of which work—and registration numbers on their doors. But, worse for the drivers has been that, despite the heat, they have been obliged to wear grey or blue shirts and matching ties.

The police, not famed for diplomacy, are said to be enforcing the rules vigorously. Taxi, in brotherly sympathy, says the drivers are just waiting for the crowds to go so they can burn their ties.

## Rural rides

More in our series on services the State does not want us to know about. The Post Office has replaced its regular mail vans in various rural areas with mini-buses, meaning that when the postmen go to collect mail they can also pick up passengers. These can then be returned to their homes when

the next collection is made. One local head postmaster was recently waxing enthusiastic on this and on the services the rural postman gives—such as carrying stamps for sale.

The Post Office Users Association in the area was duly impressed and suggested these unexpected services be advertised. But "Oh no," was the answer. "We do not want too many people knowing about them." Impressed by the services, if not the Post Office's attitude, I tried to buy a stamp from a postman outside London. "We stopped carrying them years ago," he told me.

## Matter of pride

Tough as a Turk, the saying goes, and the visitor to Turkey soon finds that it is a male-dominated country. Male tourists without moustaches attract disapproving glances from rural women and sympathy for their wives that their husbands is "not really a man." So all the more embarrassing for 200 graduates of the Moda Commercial School for Girls in Istanbul. The 200 were in fact boys, but had to be sent to the girls' school as the local boys' school was full.

The boys had few complaints while studying. But when they graduated, their diplomas made them the target of ridicule from potential employers. Now this year's crop of male students have been out boycotting their lessons and protesting that the all-female staff of the school are not understanding to them. But they have one consolation: the support of the girl students—800 of them.

## Go away closer

Sign at the entrance to a plot of land in a Sussex village: "Private. Church property. Trespassers will be forgiven."

Observer

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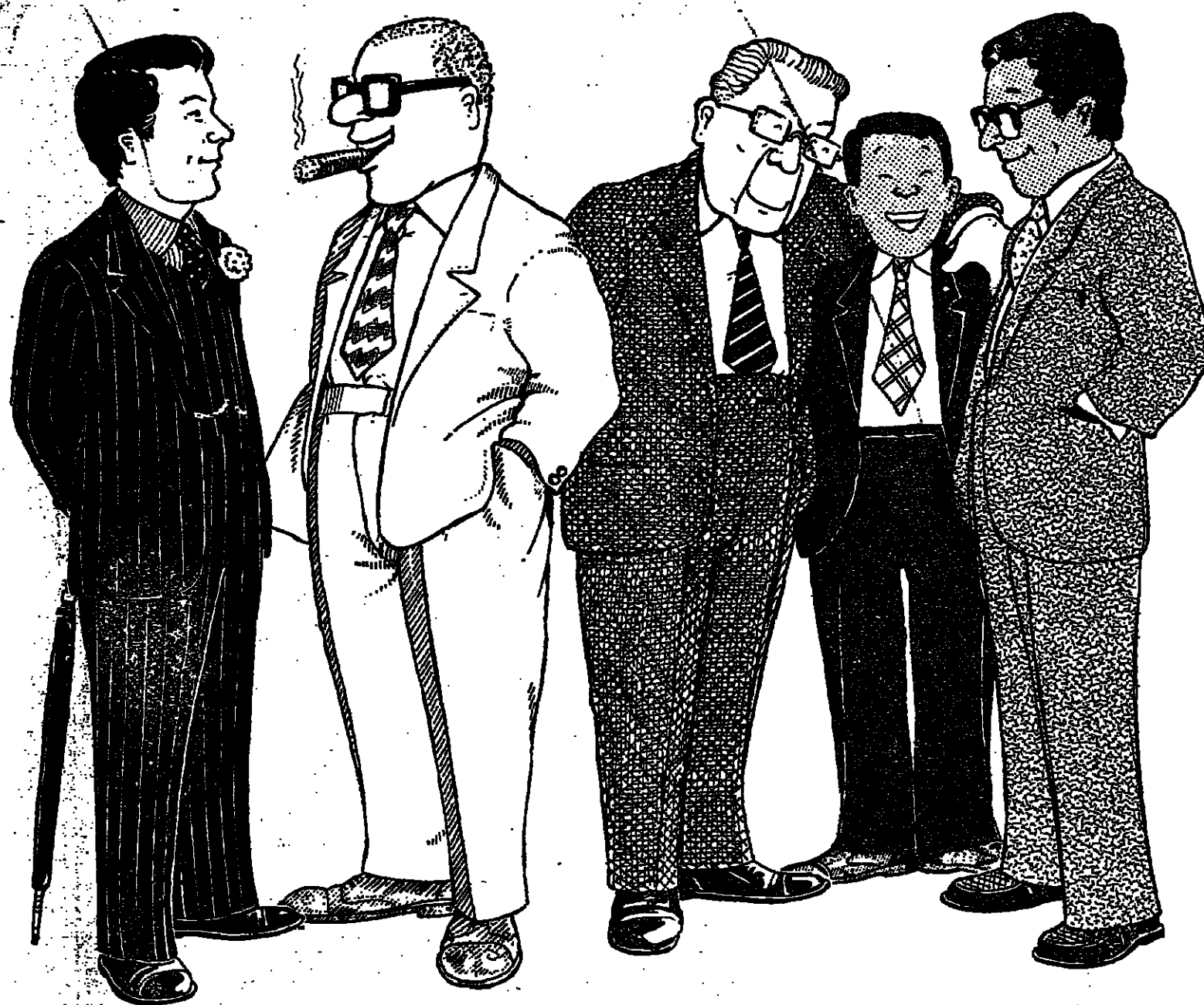


# International Property

After the collapse of property markets in the early years of this decade, investors, developers and occupiers have been cautious to say the least.

Now there are signs of a revival of interest in Britain, Europe and elsewhere, but because of the virtual standstill in new building prospective purchasers are finding it difficult to find suitable outlets for their money.

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# Lessons still unlearnt

MONEY IS one of the few truly international languages and as improved communications have made it progressively easier to talk simultaneously in dollars, yen, roubles, or marks, the investment markets of the developed nations have tended to shed their national characteristics. But property is an exception in this drift to uniformity.

While a money broker is equally at home in a City of London dealing room as in its mirror image in Singapore or New York, the property investor remains as dependent on local advice as a Victorian tourist setting out on a grand tour.

In the early 1970s there were plenty of unprepared travellers in the property world. They included the British developers who set out to repeat their successes in a tightly controlled British market in other but less amenable markets: the U.S. banks who poured cheap finance into developers' pockets; and the Continental funds drawn to back leisure schemes along Spain's Mediterranean coast. All of them eventually provided plenty of work for the receivers and liquidators.

## Scarred

The crash has, however, left scarred memories, and for the time being property investment away from home markets is tempered by a fair degree of caution. This caution is now threatened by a problem common to most of the major financial markets of the world, the problem of too much cash chasing too few institutional quality property investments.

The inflationary growth of investable funds in the hands of the pension funds, and to a lesser extent the insurance companies and their equivalent, forces fund managers into keen competition for good quality property. There has been insufficient new development of prime space since the crash to lead the institutions' increased appetite for these investments.

The crash of 1973-74 resulted in endless screeds of critical analysis. Banks rediscovered the age-old tradition that lending short to invest long is a sure route to bankruptcy. Longer-term investing institutions agreed that it helped to look beyond the seemingly high capital returns on overseas developments to the unacceptably high risks involved in markets they did not understand.

## Safety

The surviving property companies either blamed the local advice they had earlier ignored or had not bothered to consult, the vagaries of exchange rates they had not investigated in sufficient detail, or acts of God. The latter seem, in retrospect, as valid a reason as any for some of the extraordinary schemes that were cobbled together in the happy days of unreason in the early 1970s.

Remarkably few overseas property investors were locked up—either for their own safety or the peace of mind of their shareholders, pensioners, or depositors—after the crash.

Five years on it is once again hard to view any of the established property markets in the world without running across enthusiastic advocates of overseas investment. London is keen to sell a slice of the action in a Florida retirement centre or a Chicago office scheme to pension fund managers. And as Dutch cash flows into Germany, German marks move back into the U.S. and Spain, and French francs vie with their heavierweight Swiss counterparts for Canadian properties, it is quite like old times again.

As even the most asset-hungry institutions cannot totally ignore the prospects of eventually filling their new schemes, such manoeuvres as lease-back deals with established owner-occupiers, as well as forward lease-backs to expanding retail groups—or less often, factory, warehouse or office users—have become highly fashionable again.

Institutionally backed developments are not in themselves sufficiently common or sufficiently sizeable to resolve the supply problem. And that leaves fund managers with the further option to lower their sights and to accept secondary quality properties.

Definitions of "prime" and "secondary" quality properties vary. But it goes against the grain for fund managers to turn from the most obviously top-grade buildings, locations and lease covenants to potentially more troublesome fringe properties, and it is improbable that the supply crisis will be resolved by a sustained slide down the property quality grades.

The remaining alternative source of prime quality properties lies outside of the institution's home market. But in the property market overseas investment is subject to a myriad of problems. The incompatibility of international property valuing standards, differing tax laws, the difficulties of portfolio selection and management at a distance—plus the added complexities of operating in different currencies—combine to keep the overseas elements of most funds relatively low. Even in the current search for good investment property these

problems prevent any mass migration of funds from country to country. And although there is an increasingly international flow of property finance, as individual market reviews in this survey show, the overflow of funds away from home markets remains relatively insignificant in comparison to domestic investments.

Cross-border investment may help to relieve some of the buying pressure generated by the increased weight of investible funds. But we are unlikely to see a repetition of the rash overseas buying programmes of the early 1970s. Quite apart from the salutary lesson of earlier burnt fingers, the European tradition of direct equity participation in commercial, and in some markets residential property, is becoming increasingly common throughout the world. The consequently increased local competition for property investment creates another barrier to incoming funds.

John Brennan  
Property Correspondent

## BELGIUM

# Optimism returning

MOST OBSERVERS agree that the sharp rise in the overall take-up of office space in Brussels last year was due partly to special factors and that as a result new leasing is unlikely to grow at quite the same rate in 1978. But any check to the underlying flow of favourable studies should not prove too much of a burden for the wave of optimism now spreading through the property market in Belgium.

This is not to say that the Brussels market is no longer suffering from over-supply. Position built up during the boom years of the late 1960s and early 1970s. But the prospect of a balance between the forces of supply and demand

seems "real and imminent" to quote from a speech made at a recent seminar presented in Paris by Jones Lang and Wootton. The international estate agents back up their claim by pointing to the growing number of foreign investors, notably Dutch, now returning to the commercial market in Brussels.

According to Jones Lang some 250,000 square metres of office space was taken up in Brussels last year compared to 150,000 square metres in 1976. No official statistics are available, but the agents reckon their projections are in line with those found elsewhere in the property market and that most people put the present available pool of office accommodation in Brussels at no more than 400,000 square metres. This is the basic assumption upon which Jones Lang base their arguments for a speedy return to supply and demand equilibrium.

The commercial market in Brussels is perhaps the last remaining major centre in Europe to shake off the constraints of the property crisis of 1973 (when the take-up of office space approached a peak of 425,000 square metres as UK developers piled in to Brussels and compounded the problems of high demand from EEC and NATO-linked users). But the renewed strength of neighbouring property markets is now expected to wash over into Belgium, and as a result activity in Brussels has surged upwards. Tenants and purchasers are now beginning to realise that now is the time to take decisions in the hope that in a few years time they will prove to have been made at historically low values.

The recent Jones Lang seminar underlined this point. Under normal Belgian practice a lease will be for nine years with mutual options on behalf of both the landlord and the tenant to break the lease at the third and sixth years. Some UK investors have managed to extend leases by as much as 12 to 18 years, but the Belgium practice of nine remains heavily ingrained into the character of the Belgium market.

So any change in property values is likely to rapidly percolate through existing properties as either of the parties to a contract utilises his break option in order to adjust the rental being paid to market conditions. This potential for a rapid build-up of property values, once the present logjam of over-supply is finally broken, is why investors have begun to reappear in Brussels.

Investors working from a strong currency base like the Dutch will have taken into account the possibility that a complete revision in income stream need be no more than in three years away. Timing is all important and no one can be totally sure of full commitment. But more and more development funds are beginning to hedge their bets.

Over the past year the Brussels market in real estate certificates has remained at a relatively low pitch. Direct investment in property has always been problematical and in order to widen the investor base a number of financial institutions created a market just over ten years ago. Since then more than 40 issues have been made enabling projects worth BFcs 6.5bn, or around £10m, to be undertaken. Almost three-quarters of the issues have related to the financing of distribution companies while the balance have underpinned the leasing of office buildings and shopping centres.

The leasing certificates relate to items of property which in most cases carry a long lease with an option to purchase in favour of the lessee at the end of the operation. This usually relates to property built on specific sites for a specific lessee.

Before 1973 issues of real estate certificates were primarily concerned with leasing operations of this type. Since that year a second category of certificate have come on to the market. These are not covered by long lease contracts. They relate to real estate let or to be let to one or more tenants generally on the basis of a traditional lease of nine years with review options every three years.

The certificates are freely negotiable with prices published fortnightly in Belgium's financial Press. The certificates are not listed on the Brussels Bourse but the major banks centralise their supply and create a secondary market.

Elsewhere in Belgium the purpose-built office rental market is still at the embryo stage with many occupiers preferring to purchase floors or apartments for use as offices. One notable exception to this trend is found in Antwerp where the move towards rentals has been accelerated by the availability for the first time of good, air-conditioned buildings. This type of building tends to sell readily as an investment.

On the industrial front cost and value have also moved out of line but to a lesser extent. There is still plenty of space available in the Brussels-Antwerp regions. Around Antwerp a number of light industrial buildings have recently been sold for occupation, and lettings apparently continue steadily enough. It is felt, however, that the large programme of building in the port area could well take some time to digest.

As for the shops market through the country, Jones Lang Belgium stress that this remains as erratic as ever since it is still dominated by small individual traders.

The major measures to date have centred on the indexation of rents and there are now plans to introduce more comprehensive legislation. This will eventually replace the various measures which up to now have placed somewhat ad hoc controls upon the annual indexation of rents, notably the tightening of the system to combat the ravages of inflation. Over the past two years the ceiling on rental increases have been held artificially below the growth in the Belgian cost of living index.

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Jeffrey Brown

## THE NETHERLANDS

# Most operators holding off

THERE IS a growing oversupply in the Dutch domestic property market as investors are increasing their activity abroad. The limited size of the Dutch market and the restricted number of prime properties have brought steady downward pressure on yields in most sectors over the past year. Yet whereas the Dutch have become more aggressive operators outside their own borders there are also signs that foreign investors, notably the British and West Germans, are taking an interest in Holland.

Demand for owner-occupied property in the private housing sector shows little sign of abating despite sharp price rises and central bank curbs on credit, and commercial demand is restrained by low levels of economic activity. Bankruptcies, mergers and a general reluctance to invest have contributed

to poor demand for most sectors of the commercial market. The latest economic forecasts give little hope of an immediate improvement.

The important Dutch export sector will increase foreign sales by 3 per cent by volume this year after a decline of 2 per cent in 1977, according to Central Planning Bureau figures. But if world trade grows at the expected rate of 5 per cent this year, it will represent a further loss of foreign markets. Unemployment will remain above 300,000 this year and there are growing fears that Government measures to create new jobs will not be adequate. Private consumption continues to grow at a very slow rate—3 per cent this year against 4 per cent in 1977 and investment by companies is expected to increase only 3 per cent compared with 16 per cent last year.

Some successes have been achieved, however, in the areas of inflation and wages. The consumer price index is expected to rise only between 4 per cent and 4½ per cent this year (it was 6½ per cent in 1977) and moderate wage rises seem likely to prevail for the next 12 months. Despite recent uncertainty on the foreign exchange markets, largely centred on the U.S. dollar, the guilder has remained firm and sufficiently in line with the other major European fiat currencies for central bank intervention to be held to a minimum. Dutch interest rates have been falling steadily for the past few months and fears that central bank curbs on credit volume would push them up again have not been realised.

The legislative background continues to hold many uncertainties for business in general and the property market in particular, though. Potentially the most far-reaching, but because of this with perhaps a very limited chance of implementation, are proposals for the introduction of inflation accounting. The business and property world is still digesting the recommendations made in the 350-page Hofstra Report.

Partly because inflation is now less than half the 10 per cent level prevailing when the report was commissioned in 1975 the Government's reaction has been lukewarm. It is also questionable whether any government could afford the unpopularity which some aspects of the proposals would arouse. Holland's largest mortgage bank, Westland-Utrecht, says it is not unduly worried that the plans will ever be implemented, at least in their present form. The fate of other radical reform measures in the recent years does not indicate inflation accounting will speedily reach the statute book.

Another major reform proposal of the previous Centre-Left Government—for "excess" profit sharing—is undergoing severe modification at the hands of the five-month-old Centre-Right coalition. Profit sharing has proved a significant damper on the foreign investors' view of Holland over the past two to three years although its actual impact is difficult to quantify in view of the other factors which have also deterred foreign investment. The new Government seems ready to give industry a more generous return on capital before creaming off "excess" profits. The percentages to be paid have also been reduced and, even more significantly, any transfers to the "excess" profit fund can be set against corporation tax.

How does the market look from pavement level? In its spring survey of the commercial property market in Holland, the Amsterdam office of Savills reports much discussion of, and interest in, commercial space but relatively few transactions. Purchasers and tenants appear to be waiting for a turn in the economic tide before coming back into the market. On the supply side, developers have done a lot of preliminary work on schemes, in anticipation of demand. In the meantime some small- and medium-sized companies, having failed to find what they need on the market, have started development projects of their own.

The shop market has been particularly active with the dearth of units on the main shopping streets of Amsterdam now having spread to many provincial towns. However, a question mark is raised by the decision of W. H. Smith and the Dutch publisher Elsevier to pull out of their joint retailing venture, Sluis, which sells books, stationery and leisure articles, when it failed to find a market in Holland. It is one of the many UK retailers in Amsterdam's prime shopping street, the Kalverstraat. The situation in Amsterdam is of growing concern to many businessmen. Plans to surround the centre with an inner ring

road giving priority to public transport, cyclists and pedestrians are seen as a further threat to the accessibility of the city centre stores.

Office rents have shown little movement in the past year and are now around Fl 250 (\$110) per square metre for good modern offices in the "Randstad", the Amsterdam, Rotterdam, The Hague, Utrecht region. Provincial city rents are around Fl 180. Savills forecasts a rise to Fl 300 in the next few months with the new buildings which come on to the market of a lower, but still highly acceptable standard compared with the boom of 1972-73. Rentals for modern industrial or warehouse space in the "Randstad" are steady around Fl 60-80. Smaller units continue to attract a good deal of interest when offered for sale or lease.

The annual survey of the Dutch property magazine *Vastgoedmarkt* published earlier this year showed more than 3.5m sq metres of space in medium-sized to large commercial buildings on offer compared with 2.9m 12 months before. The total value was put at Fl 3.5-5bn (\$1.5-2.2bn). A breakdown by sector shows the amount of office space for sale or rent, directly available or under construction in buildings of at least 500 sq metres, had risen to 950,000 sq metres from 800,000. The decline in the amount of office space in 1976, which was due to a number of very large sales transactions, was, as expected, not continued in 1977. The amount of office space sold or rented last year fell to 310,000 sq metres from 380,000 in 1976, according to *Vastgoedmarkt*'s survey. For the first time in a long while the business sector, and not the Government, was the most active operator, taking up 60 per cent of the market. The space taken up in Amsterdam and Rotterdam fell sharply. The Hague was stable, while other cities experienced a strong rise. Rentals in the three large cities were around Fl 200 per sq metre, rising to Fl 300 for some smaller units. Elsewhere rents were generally around Fl 140-180, according to *Vastgoedmarkt*.

The amount of industrial and warehouse space on offer, in units of at least 750 sq metres, rose to 2.1m sq metres from 1.7m. Some complexes which had been standing empty for a long time were taken but company failures, among other reasons, brought about an increase in offerings while new projects were started. Amsterdam in particular has a lot generally of high quality space on offer. Modern industrial and warehouse space in the "Randstad" bears rentals of around Fls 70 per sq metre, rising to around Fl 80 when attached office space is calculated at an all-in price. Shop space of 200 sq metres or more on offer was unchanged around 300,000 sq metres. Top rentals of Fl 1,000 (\$440) per sq metre and more are now being sought for smaller units in main provincial towns, as well as in prime shopping streets in the three big towns.

The strong demand for first-class rented property from investors has led to such price rises in Holland that yields have come under strong pressure and are now among the lowest in Europe. Initial yields on office space are 6 per cent in Holland (compared with 6½ per cent in West Germany, 8 per cent in France, 7½ per cent in Belgium and 7 per cent in the U.S.). Yields for industrial space are 8 per cent in Holland compared with rates of between 8½ and 10 per cent in these other countries.

The housing market, where yields are restricted by a rent regulation which compensates the tenant for inflation and the limited number of first-class commercial properties, have also stimulated a move abroad by Dutch investors. The favourable countries have been Belgium, Germany, France, Switzerland, Spain and the U.S. Apart from in the U.S. these tend to be prime properties near major conurbations. Dutch institutions are still sounding out the U.K. market and must transactions that have taken place have been in the private sector.

Some commercial property, formerly in the hands of British companies and consisting mainly of office and industrial building have been put on the market. Dutch companies, such as Blauwhoe, the property division of the transport, storage and property holding company, Publied, also reduced their portfolios. The amount of property coming onto the market in 1977 from these sources has been put at Fls 1.1-1.5bn (\$440-600m). Funds were plentiful with some mortgage and commercial banks willing to provide up to 100 per cent financing.

Charles Batchelor  
Amsterdam Correspondent

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# Settled conditions

NOW THAT the elections are part of history a more favourable business climate has settled over France. Politically France may now be able to look forward to a period of some stability. However, it is debatable whether the French elections really had as much of an effect on the property market as some claim. Institutions, which normally invest in property, probably had few alternatives but to continue investing in France and individuals may well have considered property as good a place as any to invest.

So investment may have suffered only a little in the run-up to the elections, but letting was in worse straits. There was a clear downturn in the letting market which was accompanied by a reduction in the amount of completed properties coming into the market.

However if politically France is now looking on a firmer footing the French economy has been slow to recover. Industrial production improved in 1976 after the fall in 1975 and last year saw a very unimpressive performance.

Yet the analysts still talk of a continuing recovery. Foreign trade has picked up and unemployment has declined, while the rate of inflation is not expected to be much above the 9 per cent of 1977. So the economic background is not gloomy.

## Explosion

Meanwhile the property market is finally showing signs of having pulled itself out of the problems caused by the over-enthusiastic development programmes of the early 1970s. This property explosion, which was largely British led, was caused by a number of overseas developers becoming hooked on the French market's potential. This resulted in a substantial stock of properties and not surprisingly when the 1974 recession came along a number of developers caught quite a cold.

However, by and large, this stock of properties has now been taken up. It is understood that the take-up of office space in the Paris area last year was around 700,000 square metres, which was well ahead of the figures recorded for 1976, of 590,000 square metres. Some agents are now saying that

there is a shortage of suitable investment properties.

The most commonly quoted figure for the amount of office space available around Paris is 1m sq m, and this represents to a significant extent properties in the new towns where the excess supply may take a few years to disappear. And, of course, the Paris area is by far the most important for the property market.

A concentration of investment in a country's capital is fairly common worldwide, but in France the centralised nature of business activities is far greater than in any other European country.

The population of the Paris region is almost a fifth that of the entire country, so not surprisingly most of the commercial development in recent years has been concentrated around Paris.

This is not to say that other areas, such as the provincial cities and the ports, do not offer opportunities for investment. But basically the Government's pressures to decentralise have not created a significant movement away from the Paris area. Occupiers are reluctant to move out to the provinces and new towns, so obviously the investors will not go out of the centre unless they are convinced that the demand is there.

Apart from the centralised nature of the French property market there are also a number of other fundamental differences which distinguish it from say the UK property market.

Insurance companies are the most important single force in France. Yet oddly enough the pension funds do not play a major part in the property market as they do in most other European countries, particularly the UK.

One of the most fundamental characteristics of the French market is the role played by the banks. These control the two leading property investment companies, and also have influence over some development companies and estate agents.

Robert Lipscombe, a partner in Jones Lang Wootton in France, recently cited a case to illustrate this point. "A JLW investor from a French agent acting on behalf of a developer belonging to the same banking group, part of the scheme being

subsequently resold to an investment subsidiary of the same banking group."

As for French property law this can be summed up very broadly by saying that land tenure is equivalent to freehold basis. Parts of a property which are owned in a type of co-ownership can be equated to a form of flying freehold, according to agents Richard Ellis.

Leaseholds are structured on a nine-year term and there are break clauses for the tenant every three years. These break clauses coincide with rent reviews which take place every one or three years. Whether annually or every three years, rent reviews are based upon a published construction index, which showed a total rise of under 8 per cent in 1977 compared with 14 per cent in 1976.

In France, rent increases for residential premises are subject to government control. This year increases will be limited to 6 per cent for revisions due before the beginning of next month and to 5 per cent of the construction index for those falling due in the second half of the year.

Investment demand has been reasonably good over the past year—Dutch pension funds were evidently active in the latter half of 1977. Most of the interest is centred around commercial and industrial property where the prime yields are considerably higher than on residential developments.

## Yields

As we have seen, take-up of office space has been increasing in the Paris area, and probably most investors will agree that the market now offers very few bargain buys. Office yields in Paris in the central area are mainly around 8 per cent while some of the top properties are nearer 7 per cent. Suburban offices offer a little better with prime yields of around 9 to 10 per cent. However, with the possibility of a shortage of office space in the central areas, rental levels could harden, unless there are any significant increases in supply.

Turning to industrial properties the main areas around Paris are in the north between the capital and Roissy airport and in the south around Orly airport. Obviously communication

networks influence these sites.

The improvement in the warehouse investment market has not been marked. Though stocks of unlet properties are gradually being taken up there is still sufficient unlet space to deter most potential investors. There has not been much movement in rental levels over the past year and broadly speaking yields are in the region of 10 to 12 per cent.

Historically shop rents have been protected and ownership of freeholds do not change much. So there has not been a lot of interest for investors in shopping areas apart from a few

## W. GERMANY

# Slow return of confidence

CONFIDENCE IS returning to the property market in West Germany but it is a slow process. The key influence is clearly economic activity which remains sluggish along with the world trend and at this stage few observers are prepared to predict the actual timing of the next upsurge in the property cycle.

Where they can be pinpointed, overall patterns suggest that the mood among investors, developers and estate agents is one of cautious optimism. The market has been stable for some months and there is a growing consensus that the bottom has been reached. At the same time, the West German economy, although flat, remains one of the strongest in the world.

Like so many property markets in Europe, that in Germany is plagued by a lack of official statistics or any reliable guide to market momentum. Difficulties in appraisal also arise from the fragmented nature on the market with activity spread among no less than six major cities—Hamburg,

decentralised shopping area developments which can be likened to Brent Cross in the UK. Certain of the developments have been sold as investments but pressures from traders in the central area have curtailed the growth of this area of the market.

How does the overseas investor fit in? This is obviously difficult to judge but it has been estimated that foreign investment accounts for about 10 per cent of the property market. However, the French exercise strict exchange controls which mean that foreign companies or individuals cannot use French

local funds. Local financing is only allowed where there is joint ownership and this is related to the relative stake of the French partners.

It was to a certain extent to protect the market from any adverse effects of cutting out some overseas investment that the Government came up with the "Plan Barre" in 1976. This earmarked Government funds for use in aiding house construction, industrial properties and public sector construction. This policy is still important for the property market.

Terry Garrett

Düsseldorf, Cologne, Munich, Stuttgart and Frankfurt—all of which differ in character and in patterns of demand. This absence of an energetic central market of the sort found in Paris, Brussels or London compounds the problem.

However, for the record the residential market continues to suffer from over-supply; industrial building is heavily overshadowed by the slackness of the economy; office development is spasmodic with a certain firmness showing through in Frankfurt; the shop market continues to buck the general property depression and prosper comfortably.

## Location

Given its geographic location at the centre of Germany, its status as the country's banking capital and its major airport, Frankfurt is perhaps the prime area for office development. One of the band of UK developers active in Germany, Slough Estates, reckons its modest, 12,000 sq ft development in the city could soon be largely let,

having stood empty since its completion at the end of last year.

According to Slough, whose fixed assets in Europe now amount to about an eighth of the group total, the market in industrial property in Germany has been building level for some six to nine months. The company recently acquired an additional six acres of land adjacent to its Cologne site on which it will build a complex of some 65,000 sq ft before the end of 1978 (65 per cent of the property is pre-let).

One of the attractions of Germany to a group like Slough is the favourable cost of money. Rates of interest may have hardened marginally in recent weeks—partly due to the onset of the summer tax paying season—but the economics of borrowing in Germany are probably the most favourable in the world, Switzerland apart. During the first quarter of 1978 mortgage lending by the savings institutions was running almost 40 per cent up on 1977; and the major commercial banks, which were hit especially hard by the debts following the property

crisis of 1973 and 1974, have recently been edging up their facilities to mortgages of between 60 per cent and 70 per cent.

In the eyes of the major estate agents the property market in Germany has already begun to recover. Weatherall Green and Smith cite the activity of UK institutions as well as a strong retail market, while Jones Lang and Wootton reckon to have noticed a steady return of confidence over the past 12 months.

Weatherall points out although UK institutional activity is relatively modest in terms of the overall market in Germany, a growing number of transactions are being carried out mostly with UK developers and the "trend is continuing." The agents see the Dutch, who appear to be switching their concentration of funds away from the Düsseldorf contribution and other cities in the Ruhr as among the most active foreign institutions.

Commenting on the office market in Frankfurt, Weatherall says that the over-supply position is mostly concentrated outside the centre of the city. The bulk of the 400,000 or so square metres of office accommodation thought to be over-hanging the market is mostly found in the new offices areas like Niederrad and Eschborn and in certain large tower blocks on the periphery of the city. "It is a completely different situation in the main banking centre, especially in the Innenstadt where there has been a constant demand for new lettings."

A good illustration of this can be seen in the BfG tower where the agents were involved in letting some 12,000 square metres of accommodation some months before the block was completed. In such prime, air-conditioned space rents have in certain instances moved up to DM 27 per square metre, and have been even higher for small areas.

The agents see the industrial market as remaining quiet. They point out that attractive interest rates have meant that the preponderance of German industry wishing to invest in new premises will these days tend to build its own accommodation rather than lease. As a result very few speculative industrial schemes are being carried out. Conversely the retail market has "remained firm." Despite the prevailing sluggishness of the official retail sales statistics in Germany, the country's retailers show none of the caution of their industrial

brothers. Shop expansion is widespread. Jones Lang and Wootton make the point that growing difficulties in obtaining planning consents for certain types of retail property have helped in some ways to enliven this market. This is especially relevant in areas like hypermarkets where the rapid development of the past decade is now slowing to a trickle. Institutions are now beginning to invest in this sector whereas previously the market was dominated by the private investor.

Without any doubt, however, the most sought after types of investment are pure office investments and shops, or mixed shops and offices, provided the location is good.

## Speculative

Investor interest is by no means limited to what might be regarded as first-class locations. Both property funds and insurance companies are prepared to purchase property in relatively secondary areas provided yield values are favourable.

Stimulated by the interest rate structure in Germany which is now at its lowest for something like 20 years, the demand for good investment propositions is considerably in excess of supply. For this reason, the agents suggest, institutions are beginning to turn to more speculative situations such as the purchase of empty buildings, forward commitment purchases and in some cases, development. It is clear, however, that not all German institutions are thus daring.

The major investors in the commercial property market in Germany are the insurance companies and the closed and open-ended real estate funds. Both invest on a national basis. Pension funds also invest in property but their activities are limited by size since the private pension fund industry in Germany is relatively small. For obvious reasons the private individual will tend to concentrate on the smaller end of the market.

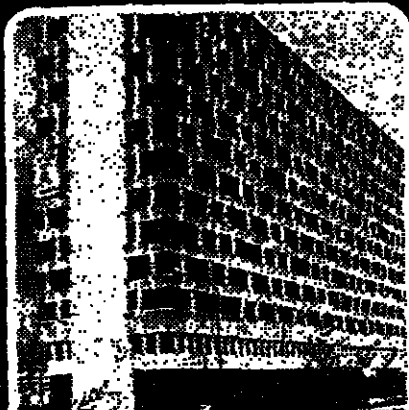
The open-ended property funds to emerge intact from the recession are once more beginning to flex their buying muscles. In the past both the closed and open-ended funds have tended not to differentiate between investment in residential and commercial property; they now show a marked preference for the commercial end of the market where there is no rental control.

Jeffrey Brown

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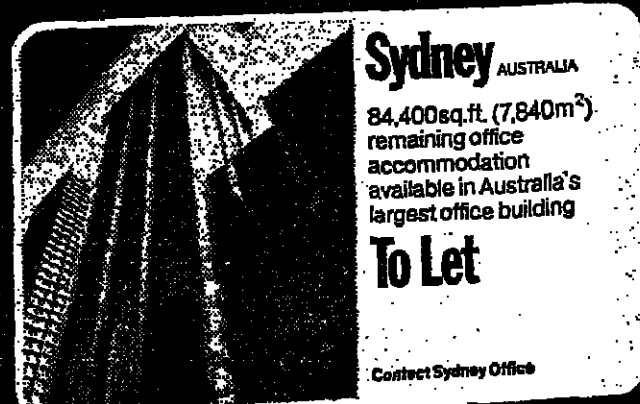
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# Sluggish undercurrent

THE PROPERTY market in Italy has remained under the shadow cast by the other sectors of the nation's economy. The persistent recession in manufacturing industry has stifled demand for offices or factories. And with its tourist industry already well developed over the past century, Italy has not been able to rely on the boom in hotel building which has helped maintain the momentum in the property industry elsewhere in the Mediterranean or North African countries.

In some ways, in fact, the rapid development of the Arab world, which has often provided a safety net for other sections of European industry, has worked to the detriment of the Italian property sector.

With little indication of a revival in commercial property development at home, Italian construction companies have concentrated on opportunities overseas, and have tended to draw after them such resources of skill and finance as might perhaps have been made available inside Italy. Thus property development inside Italy has continued to languish while the major Italian contractors have ranged abroad, in Algeria, Libya and elsewhere in the Mediterranean basin.

On the surface the picture is not too bad. The 21 credit institutions providing finance for property development lent at a total of L1,552bn last year, an increase of 13 per cent over the previous twelve-month period, and total loans to the property sector probably clear L13,149bn at present.

But after allowing for inflation, these details confirm the sluggishness of new business during the period. The Government hopes to stimulate construction activity but this policy must take its place in the queue of other pressing industrial problems. Until such measures take effect it is hard to see how the property sector can be rescued from its present malaise.

But there are signs that the outlook is brightening. Of considerable significance has been the rescue of Societa Generale Immobiliare (SGI) by the past four years had seen the problems of the group, whose debts have been estimated at L500,000m, been threateningly over the property values, even by the

recent inflation-inspired standards has rocketed. Well after the end of the war a site large enough to accommodate a holiday chalet could have been acquired on the now celebrated Costa Smeralda for a mere 3p equivalent per square metre. The same site would now sell for at least £30 per square metre, and so on all the way up the scale. The scale is of course as extensive as might be expected in an area designed as a playground for the very rich, with the Aga Khan consortium playing a major role.

A few years ago it might have been feared that the period for such ultra-expensive property development was over—at least for the present. But work is in hand now for a massive further investment on the Costa Smeralda, with some £3m equivalent total commitment.

Elsewhere, however, property development is still lagging, a victim perhaps of the reputation Italy has for being a rich man's paradise and therefore not over-attractive to the price operators who provide the stimulus beneath the expansion in the Iberian peninsula or in Greece or North Africa.

The inability of the South of Italy to share in this world tourism phenomena has been one of the most disappointing features of the past decade. Property speculation in the South, and there was plenty of that in the sixties, concentrated on optimistic commercial prospects in the major towns. Such developments have been largely halted by the general recession in the economy. Outside Naples or the Sorrento peninsula there is still a lack of impetus for tourist development which could do much to revive property development.

An underlying problem for the property sector remains that of persuading Italians, who are among the world's greatest savers, to take a direct interest in property investment. Personal savings continue to follow the traditional path into bank deposits—more than 50 per cent of personal savings of L64,063bn went that way in 1975. With share ownership playing an almost non-existent role in personal savings, this has left the banks on their own

in providing finance for property—as they do largely for industry.

This factor may have serious implications for the latest hopes of reviving the construction industry. There are believed to be firm proposals to extend the official control of insurance company investment in order to direct a major share of such investment towards popular housing.

At present insurance company investment is directed towards permitted investments including Government bonds and property. But property investment has become less attractive since rent restriction has curbed the rate of return. There are now, it is understood, proposals in the offing by which minimum and maximum lending limits for each investment category may be imposed.

These restrictions would also be imposed on the life assurance companies, although these in fact play a subdued role in Italy—attracting only 2 per cent of household savings. The snag, from the point of view of the insurance industry, is that the life companies have attracted too much attention from those political circles anxious to discover a source of finance for the desperately depressed domestic housing industry. With premiums of around £2.3bn last year, the life companies might indeed prove to be the source

of strength for the property market in Italy as they have been in other Western societies. But for the present this remains conjecture.

Many banking sources in fact take a relatively optimistic view of the property sector. They point out that the Government's stiff dose of economic medicine has begun to re-establish the nation's self-confidence and that, with the financial institutions standing up well against the general recession, it could be that the domestic property market, which will have first priority in political initiatives to rebuild the economy.

**Terry Byland**

## SOUTH AFRICA

# Still waiting for recovery

WHAT WOULD in better days have been a momentous occasion in the South African property market has come and gone with hardly a ripple. In April the Government at last announced the beginning of the year-old rent control apparatus. The property industry had lobbied hard for this, thumping away at the standard arguments about how control distorts the market and how its abolition would lead to more confidence on the part of residential developers and consequently to more residential building.

The decision to do away with rent control was loudly hailed, but has had little real effect in the market place—no marked upturn in residential building, no stampede to buy up old rent-controlled blocks of flats.

In part that may be because of the phased nature of the de-control measures (over five years with rent increases limited to 10 per cent a year for two years, for de-controlled premises), but there is another and more fundamental reason for the slow reaction. It is simply that the property market is in its worst shape since the depression of the thirties.

The residential market is one of the worst hit sectors. Except in civil servant-packed Pretoria, there are vacant flats all over the country. In Johannesburg a 10 per cent vacancy factor for a good modern uncontrolled flat block is not unusual. Even rent-controlled flats, for which you once had to pay a premium in the form of "key money" just to get in, are freely available.

House prices refuse to budge from the recession levels they stuck at in 1974. Indeed the top end of the house market (£40,000 and upwards) is a disaster area. Houses that commanded £50,000, a mere five years ago are selling at under

£40,000 today—and invariably the seller has to leave some money tied up in the form of a second mortgage bond granted to the buyer. Agents reckon about 2,000 new homes are standing unsold on the Witwatersrand complex surrounding Johannesburg.

In the last few weeks agents have been talking about faint hints of a spurt in the housing market. The March budget did away with a transfer tax on the sale of vacant residential plots sold for £5,000 and less and houses sold for £20,000 and less. This gave a mild fillip. Then last month the Government announced that it would release the building societies from the requirement that they channel 62½ per cent of their total lending to loans of £15,000 or less. So larger loans—closer to the average £25,000 price of a house for South African Whites—will be easier to obtain. Many house agents agree that

though prices are not moving, the number of sales is creeping up.

The most depressed sector of the property market is without doubt the office letting business. In Johannesburg the amount of vacant office space tops 300,000 sq metres, and a take-up rate in the CBD is estimated by Dunlop Heywood, a broking and valuing firm, to be only around 70,000 sq metres a year. In Cape Town there is more than 100,000 sq metres of surplus office space; in Durban it is closer to 200,000 sq metres.

The results are not surprising—first, no new building; second, a rent price war. It is a tenants' market and fancy asking rents are only for the glossy brochures. New high-grade vacant office space can now be had in central Johannesburg at £3.20 per sq metre per month and upwards.

Even Carlton Centre, a highly desirable location, now battles to attain its asking rents of £6.48 a sq metre for small areas and £5.92 a sq metre for large areas when ever vacated space comes on the market.

Anglo-American, one of SA's biggest landlords, obtained £3.23 a sq metre for new air-conditioned office space in Johannesburg in 1972 and is now getting only £4.50 for similar space, an increase of 39 per cent. This sounds reasonable during a recession. But in the same period the consumer price index has climbed by more than 70 per cent.

Shop leases have not fared better. Three and five-year shop leases now expiring are being renewed at discounts of up to 30 per cent, says Dunlop Heywood. High Street shop turnovers are not rising. In the shopping centres now popping up all over South Africa turnovers are better and landlords have the additional advantage of cheap ground cost and lower taxes. But the market now feels that the country is already overbuilt with suburban shopping centres. Six hypermarkets have been built and another six or seven are on the drawing boards. Later this year South Africa's first really big U.S.-style centre opens on the eastern edge of Johannesburg. Called Eastgate, it will have over 100,000 sq metres of floor space (1m sq ft).

The office letting troubles are naturally reflected in the market prices for investment properties. Very few change hands nowadays but occasionally a must-

## Savings

Things are unlikely to get better all that soon. In the first place money for property investment is not easy to come by and may not be for months still. The banks' fingers are still snarling and in any case long-term deposits and private savings are swinging away from the mortgage granting houses to the numerous Government savings schemes, some of them with tax-free benefits. The only real sources of money are the institutions with their contractual cash flows.


With a massive build-up of cash resulting from the last three years of relative inactivity on their part they are now buying again—selectively at yields then like 12 per cent and up when they twist arms long enough. They prefer too the industrial property market where they get long fully-repairing leases with blue chip tenants.

The second and most important reason why the property market is not likely to recover soon is because it lacks that essential and elusive element of all blooming property markets—long-term confidence. Angola, Biko, the bannings, the Soweto troubles—all have their effect on the property market.

Lack of confidence telescopes the investment time span. The people who deploy capital want it returned sooner. You cannot buy, or erect, buildings in that frame of mind. But they were saying similar things after Sharpeville, yet look at the boom that followed that. Will the recovery happen again this time round? That is the question every South African investor, large or small, must answer for himself.

Nic Stathakis

# European Property



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## THE U.S.

# Better but not booming

BEYOND A shadow of a doubt the U.S. real estate market is pulling strongly out of the recession which reached its nadir at the end of 1974. On the other hand the climate is not all set fair pointing towards a boom.

In fact the present state of play is a hotch-potch of conflicting indicators. For instance, over the past two years overseas investors have been flocking to put money into American real estate. One recent estimate puts the value of money invested over this period by foreigners at \$1bn, spearheaded by Canadian commitments, closely followed by German investment and then Dutch, Mexican, British and Japanese (the latter particularly on the West Coast).

Now, one of the main attractions for overseas investors has been the relatively high level of yields on prime properties, in comparison with the European Continent, for instance. In recent months, however, that attraction has begun to be eroded. Free and clear yields on prime properties (over and above debt financing) have come down to between 6 and 7 per cent, compared with well over 8 per cent two years ago.

One of the factors in this movement has been the increasing—and still relatively new—competition for investment properties from the native institutions. Until a couple of years ago these institutions did not invest much in real estate. Sometimes their articles of association actually barred them from this investment medium, but more generally they preferred to build up more liquid assets. By about 1974 there was widespread evidence that the funds were seriously considering changing their views. They had begun to react favourably to property's attractions as a hedge against inflation.

At about this time, however, the banks' more traditional involvement in property, by way of mortgage financing through Real Estate Investment Trusts (REITs) was turning distinctly sour on them, and this put a brake on a natural inclination to

further property commitments by way of ownership of investment properties.

The institutions are still not large enough to dominate the market, and in many cases their investment is still not much more than tentative. The pension funds, for instance, have only recently been permitted by law to add properties to their investment portfolios and so, by comparison with the UK or Holland, for instance, their property assets are still minor. The largest managed commingled fund, for instance, is claimed to be that run by the Trust Department of First National Bank of Chicago. At the end of last year its portfolio consisted of 40 properties worth \$130m.

## Trend

The natural momentum indicated by the new trend towards institutional investment, however, would soon see such figures quadrupled even if the percentage of their new money poured into property. But it is possible that there will be a check to this momentum in the next few months as the residual problems of the REITs raise their heads again.

At the beginning of last month the Chase Manhattan Mortgage and Realty Trust announced that it could not find the cash to repay \$36.7m of mortgage from the New York borrowings. Although this had been one of the heaviest hit REITs during the 1974 collapse, it had always been regarded as

secured by its relationship with Chase Manhattan Bank. In fact, it appears that the bank has no liabilities as far as the REIT is concerned and is only one of a couple of dozen banks who are owed \$150m by the REIT.

Last month's announcement is likely to revive fears about initial financing of new developments. Most of the REITs who collapsed in 1974 were involved with short-term construction and development lending rather than long-term equity financing. That could, in turn, lead to a hiccup in the supply of such finance at a time when new building is just beginning to start up again.

Since the turn of the year there have been the first signs that developers are satisfied that the significant overhang of space on the market since the boom building period of the early 1970s is now sufficiently absorbed to warrant new schemes.

One indication of this new revival of interest in development—and involving an overseas company at that, and one known for its caution—is the office scheme in Chicago in which the British firm Slough Estates is to take a 25 per cent stake. The plan is for 800,000 square feet of offices in the heart of the financial sector of Chicago, which will cost \$33m.

This deal is already financed, through a 33-year fixed interest mortgage from the New York borrowings. Although this had been one of the heaviest hit REITs during the 1974 collapse, it had always been regarded as

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## Condominia

As far as condominiums are concerned the simple problem is a market related one: there is still an oversupply of such space. According to a recent report from estate agents, Richard Ellis, some of the slack has been taken up by a resurgence of shopping centre construction. The firm points out, however, that the emphasis has been on neighbourhood and community centres, "as most areas have reached a saturation point for regional shopping."

One other factor which may be a reason for this trend towards centres with a pedestrian orientation rather than the traditional car-centred schemes, could also be energy consciousness, although it is

debateable whether this is a genuine reason or just a selling point. Richard Ellis also notes that, by contrast, there is a lower rate of growth in warehouse and light industrial sectors. Apparently, supply of such premises is more than adequate in most centres to meet existing moderate demand.

As far as offices are concerned there is general agreement that supply is being steadily absorbed, and pre-lettings are becoming familiar again after several years' absence. Even in mid-town Manhattan, according to Jones Lang Wootton, new development "is being planned. The firm published a report early this year which suggested that some 1.5 million sq. ft. of space in six new schemes are on point of starting."

JLW links this new development activity firmly to the improvement in rents. After four years of stagnation, it claims that mid-town rents have risen to as much as \$16-\$20 per foot for key prestige buildings, though Downtown, even with an active market, is still only fetching \$9-\$12, little different from the levels of 1975 or 1976.

The southern "boom" towns of the early 1970s, such as Houston, still seem to be showing signs of growth, prospects, and rents are correspondingly buoyant. Denver, Chicago and San Francisco are also generally being pinpointed as areas of a degree of shortage of space.

In short the U.S. real estate market has apparently found its feet again, but it is not bounding ahead except in isolated areas, and the general impression is of an industry looking over its shoulder at a range of niggling problems from the economic indicators including the weak dollar to changes in investment popularity and restrictions to some of the traditional property favourites.

Christine Moir

## MEXICO

# Conflict of economics and population

MEXICO HAS emerged on a sea of newly discovered oil and mineral wealth. Last month's international property and planning conference in Mexico City highlighted some of the problems facing a country where new found economic power is being harnessed to update commercial and residential property markets that are currently unable to keep pace with the explosive population growth.

Reasons for the decline and fall of the ancient Maya civilisation in Middle America, before the arrival of the Spanish conquistadores are still obscure, but there is strong evidence to suggest that infertile soils, with decreasing yields, and the agricultural system of moving from field to field, were primary causes. Modern Mexico, with its many potentially rich resources is unlikely to suffer a similar fate, but with the country's explosive population growth over the last 50 years, coping with a rapid pace of land development is again a real problem.

Mexico's current population of 65m is expected to double by the year 2000. Mexico has the second largest growth rate in the world and in Latin America, only Brazil can boast of a larger population. The strain of population growth is most acute in the drift to the towns. Over 80 per cent of the people live in urban areas, while agriculture supports some 40 per cent. Around 25m people live in 94,000 small, scattered communities, of not more than 2,500 people.

In contrast, 13m people live in Mexico City. By the close of this century, it is expected to be the largest city in the world: a capital of 30m people. Mexico City already dominates the urban pattern of the whole country, concentrating a massive proportion of people and wealth.

To the new half million or so campesinos (rural people with land) who arrive each year, Mexico City offers the illusion of opportunities for a fresh start to life and easy employment. The capital is also seen as a good location for firms needing access to the Federal Government, a large labour pool to draw from and a good communications network, with proximity to the largest markets. At present, all roads lead to the capital. On the northern borders, Mexicans find it expedient to cross into the U.S. to gain cast-west access, and then re-enter their borders.

## Acute

The continued investment of people and capital into Mexico City is bound to increase the already acute problems for both metropolitan and rural economies, and in turn, limit economic growth in other regions. Already half of the national budget is spent on the Mexico City area. Built on a lake bed, subsidence in the capital is a serious problem. The urban area has sunk some 7.5 metres, during this century, increasing costs while reducing the possibility of building upwards. There are also serious infrastructure problems, the main part being some 12 metres below the surface of the basin. Consequently, sewage has to be pumped up, before being discharged. It has become increasingly expensive to supply the capital with new water sources (barely adequate for the current population). In an effort to augment the supply to the city and reduce the withdrawal rate of the aquifer immediately below the city, groundwater in City adjacent agricultural areas, particularly in the states of Mexico and Hidalgo, are being tapped and the yields pumped back to the metropolitan area.

Not least of the problems is the city's inadequate traffic and parking system, used by over a million vehicles, which are responsible for some 60 per cent of the capital's high level of atmospheric pollution. A study carried out by the United Nations in 1973 shows that toxicity in the Federal District of Mexico City is 100 times above the admissible level.

Demographic and economic trends imply further urbanisation in Mexico City. But most of the additional 10m to 15m people expected are unlikely to be accommodated in the existing physical space of the capital, and will need to be provided for in planned communities outside the present built-up area in the valleys of Cuernavaca, Puebla, Tlaxcala and Toluca.

Mexico remains a country time maximise agricultural out-

with large, as yet untapped resources, not far short of those of the U.S. The country is not only rich in oil reserves (estimated by the Government to be over 60 md barrels), but also in uranium, phosphates, copper and silver (once the largest producer in the world).

In the next 25 years Mexico is expected to develop her natural and manpower resources, to become a major power in the Americas. Meanwhile, Lic Jose Lopez Portillo's main task as President includes the restoration of confidence in the economy as a result of devaluing and floating the peso, and will need to be provided for in planned communities outside the present built-up area in the valleys of Cuernavaca, Puebla, Tlaxcala and Toluca.

CONTINUED ON NEXT PAGE

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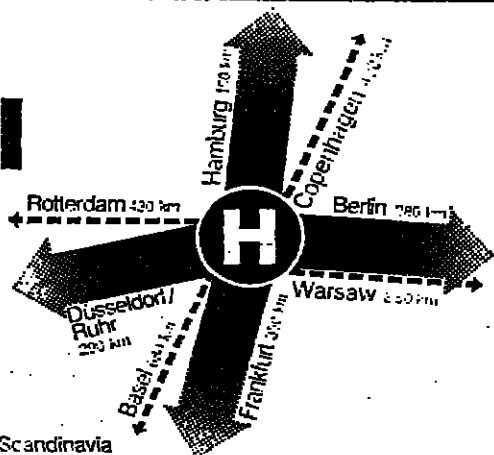
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# Tough competition for British companies

APART FROM the commodity that the Middle East is not short of is entrepreneurs. They abound and the kind of skills which British developers have used with such remarkable effect elsewhere in the world are in every-day use in the Middle East.

The skills which are in great demand throughout the Arab world are those of the professions closely connected with the construction industry, such as civil engineers, architects and quantity surveyors. Because generally the British professions provide a wider and better service than their European and Japanese competitors it had been assumed that they would get the lion's share of profitable work in the Middle East.

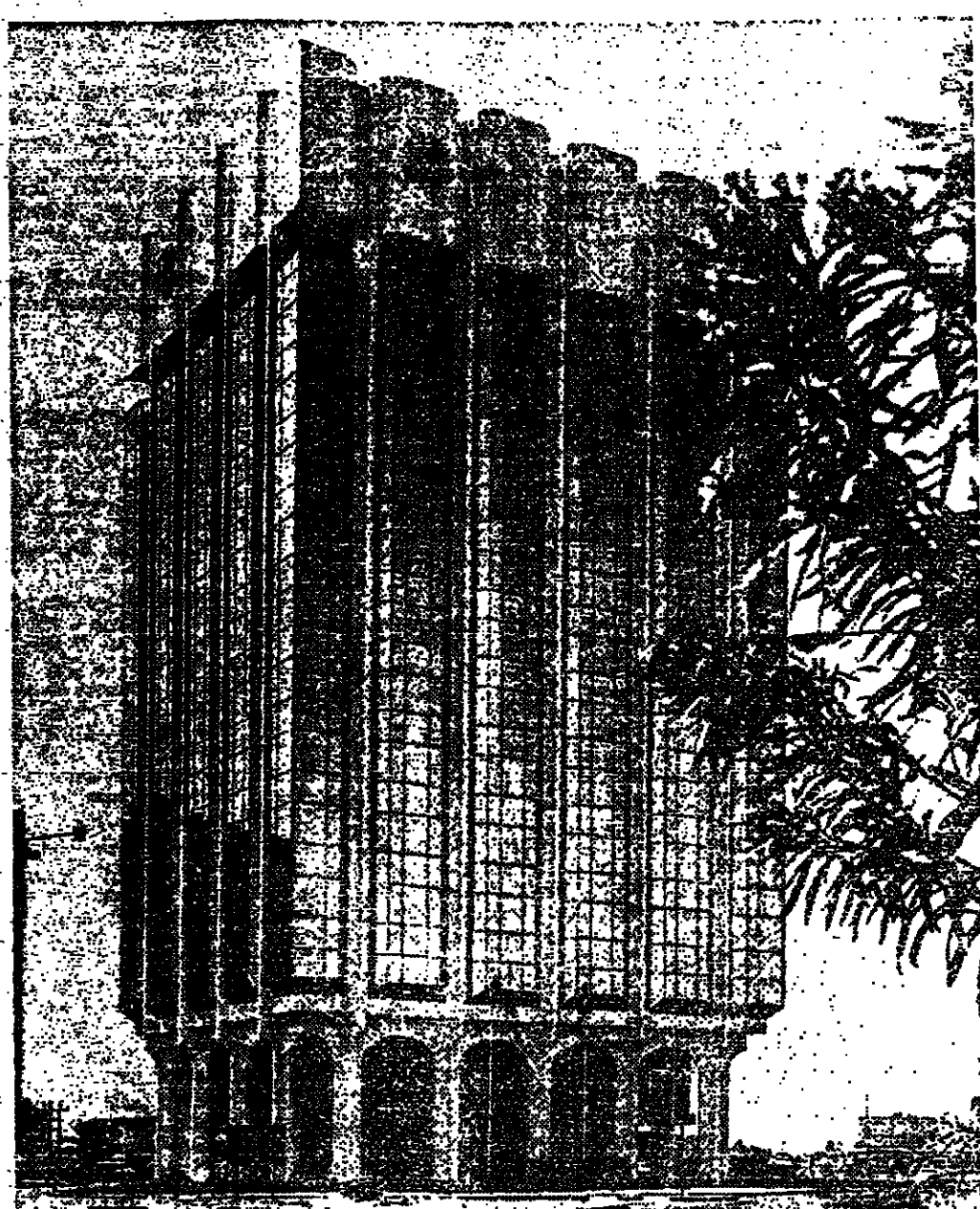
But many appear to have been missing out recently on the concept of consultancy work which is gaining favour with Middle East clients, where a consultant defines the parameters of a project and leaves the design work to a contractor who quotes on a turnkey basis. Nevertheless, invisible earnings by UK engineering consultants in the Middle East amounted to around £130m in 1977.

The giant UK construction groups, which are large even by North American standards, are carrying out vast schemes throughout the Middle East, work which they get in fierce competition with other contractors from places as far afield as South Korea, Japan and India, but they cannot be considered to be in the premier league. The structure of the UK construction industry appears to be against them when in competition with operators from other countries.

In Bahrain, Taylor Woodrow International is building a \$50-million hotel for the Sheraton group, for a total cost of around \$32m. Cementation International, the overseas arm of the Trafalgar House subsidiary has a \$27m contract for concrete piles on the Gulf Hotel scheme and Higgs and Hill has two contracts, one of \$6m for an 18-storey office building and the other of \$6.5m for a low-rise complex with shops, hotel and offices.

But those most closely connected with Bahrain agree that the construction boom is over, at least until work begins on the proposed Bahrain-Saudi Arabia causeway, a 15-mile four lane expressway connecting island with mainland over a series of embankments and bridges.

The cost of this huge project has been estimated at \$800m, but with rapidly rising construction costs it could total \$900m to \$950m by the time it is started. If it is carried out, and while the Saudis have a firm commitment to the scheme, there is



The Bank of Credit and Commerce International building in Abu Dhabi, built by Bernard Sunley to a design by architects Fitzroy Robinson

some opposition, there will be 300,000 sq ft of space including several spin-off opportunities like more hotels, weekend housing for mainlanders, and shopping, and the Bahrain construction boom could be on again.

The huge amount of construction in Bahrain over the past three years led two firms of British estate agents to set up there. Debenham Tewson and Chinnocks was first with Cluttons following later. These two have now been appointed as letting agents for two of the most prestigious developments in Bahrain. Debenham is the letting and management agent for the 18-storey office building constructed by Higgs and Hill, known as the Bahrain Tower and containing some 95,000 sq ft of space.

Cluttons' scheme is the mixed office, residential and shops complex known as the Manama Centre. The offices appear to be letting well and tenants such as Gulf Air, KLM, Kuwait Airways and Grindlays Bank have leased space. Lettings on the apartments seem to have been far slower and the rents were lowered recently.

In Kuwait, development is going ahead at a fast rate and hardly a day goes by without news of some huge new scheme. Recently, the Salhal Real Estate group raised a \$37m floating rate loan for the construction of the Meridian Hotel and Salhal Commercial Centre. The hotel will have 336 rooms and the commercial centre some

A joint team of Laing and Wimpey is building the new \$39m airport extension at Abha and Costain International is constructing a container terminal worth some \$20.6m at Jiddah.

Within the United Arab Emirates, UK contractors are very active with Wimpey a member of a consortium carrying out the development of a \$500m aluminium smelting plant in Jabal Ali. Also at Jabal Ali, Taylor Woodrow is constructing a port in a contract worth around \$102m. Cementation in conjunction with Galadair are building a hotel complex worth \$88.4m at Dubai. Tarmac in partnership with Churair of Dubai are developing a \$68.8m shopping and residential complex at Dubai and the same team are also developing a shopping and residential complex worth \$81.2m at Deira.

Bernard Sunley has contracts to a value of £180m currently under construction in the Gulf States. It has recently completed the construction of the 15-storey glass-clad Bank at Abu Dhabi for the Bank of Credit and Commerce International. The building is situated on the Dhabhi Corniche and is considered to be one of the finest commercial buildings in the state. The firm is building another glass-clad building for the same client in Dubai, on the Deira side of the Dubai Creek; the architects for both buildings are Fitzroy Robinson

## Showpiece

Kuwait International Airport is the showpiece of Middle East airports and it is hard to believe that it is less than a generation ago that Kuwait's control tower, with ground-to-air radio housed in a tent, was erected. Clearly the new complex with its 300,000 sq ft terminal buildings will attract a great deal of peripheral development along the approach roads to the airport.

Saudi Arabia was once described as one vast building site. Everywhere you looked building works were going on and present developments are worth around \$15bn.

The largest is the joint scheme between Mitsubishi and Saudi Arabian Basic Industries for a chemical complex at Jubayl where some \$1.5bn is being invested. Kier International is carrying out the largest contract among UK builders with its \$58.5m water and sewerage treatment plants operations.

## MEXICO CONTINUED FROM PREVIOUS PAGE

put to feed an increasing population. The British Industrial Exhibition in Mexico City in November will be aimed at promoting in Mexico badly needed capital equipment such as steel plants, petrochemical plants and textile machines, agricultural equipment (such as fertiliser plants), as well as financial and consultancy services.

Undoubtedly, the Mexican oil industry (Pemex) will play a crucial role in the development of the country. Production by 1982 is expected to be 2.25m barrels a day, nearly half of which is to be exported. A gas pipeline is now under construction from the oil-rich state of Tabasco in the east, to the border with the U.S. The World Bank is also assisting in the future development of Mexico, with increasing emphasis on the

environmental impact of project requirements. In the north-west, a large portion of capital investment is used to provide commercial farming in the states of Sonora, Sinaloa and Guanajuato. The Government, under the slogan "the amigo country" is also committed to a major programme to find and develop new tourist resorts. At present, the U.S. provides some 90 per cent of the visitors to Mexico's tourist facilities, including the new Cancun in the Caribbean State of Quintana Roo, Matatlan and Xtapa on the Pacific side and the world famous Acapulco in the State of Guerrero—ironically one of the poorest states in Mexico.

To deal with the plethora of economic, social and environmental problems of such rapid development, the President has created the Secretariat of Human Settlements as an extension of the Public Works Ministry. This essentially new Ministry's tasks also include the assessment of environmental impact of Mexico's massive development commitment.

Under the new 1976 law, the Government requires all states to prepare their own plans for three levels of development, state, city and conurbation.

Because the 1917 Constitution defines each state as being autonomous it is likely that in time most of the planners now being trained at the new Ministry will be fully utilised by the states which lack this capability, to develop their plans for submission later to the Federal Government.

This is a momentous task and one which the Secretary of Human Settlements, Mr. Pedro Ramirez Vazquez and his Under-Secretary, Dr. Gregorio Valner Onjas, are tackling with strong conviction, emphasising the need for clear and practical solutions, in a country where planning on this extensive scale is a relatively new phenomenon.

There are many contrasting urban environmental problems to be tackled—not only the heavy concentration of people and production in Mexico City, but also in the social needs of towns such as Tijuana, on the border with the U.S., and Villahermosa in the oil-rich State of Tabasco and in the development of towns such as Mazatlan in the agricultural State of Sinaloa, as well as the traditionally rich cities, such as the charming Guanajuato, with its deep historic and architectural significance.

Jim Antoniou

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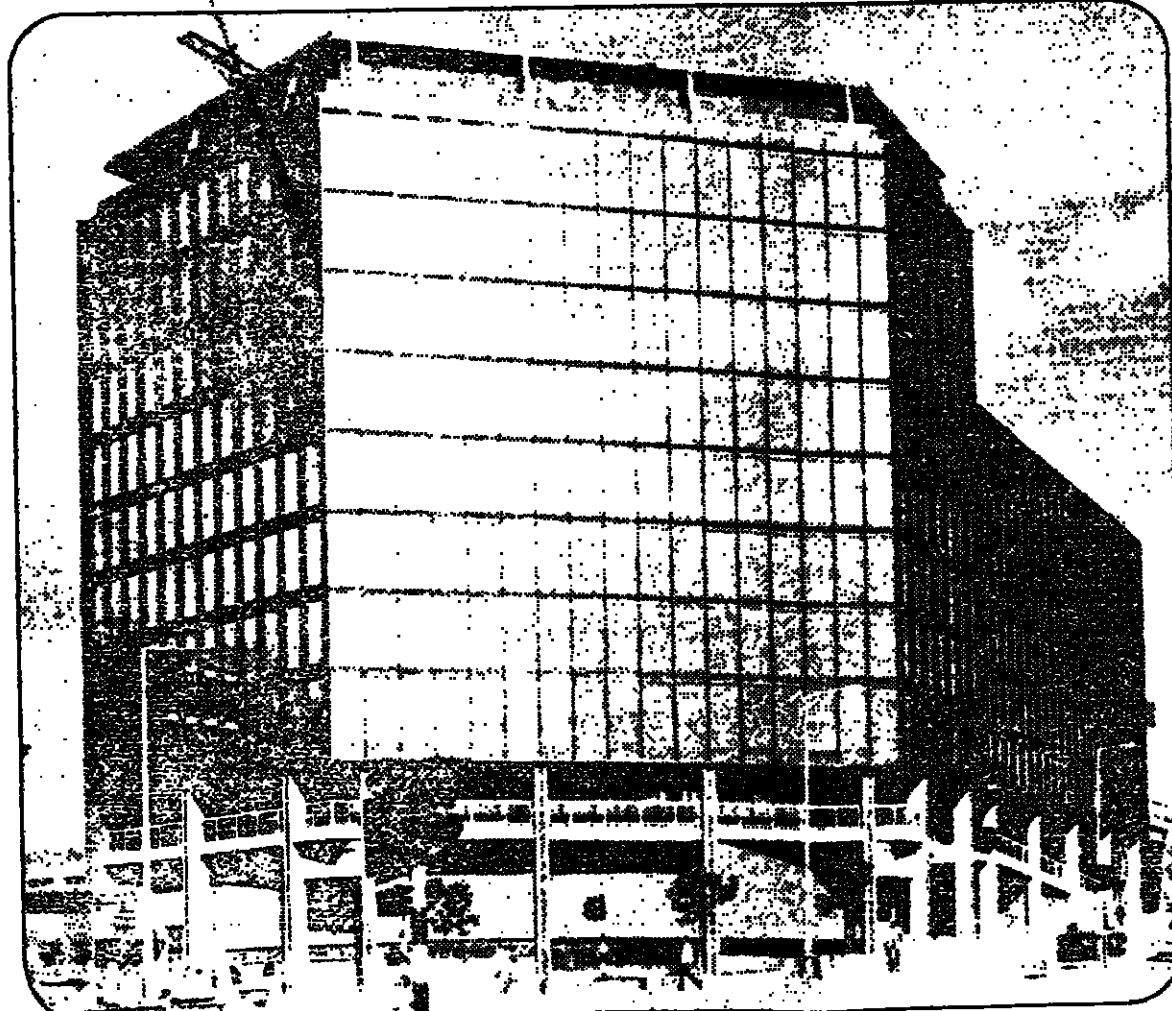
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TREND TOWARDS UNIONS MERGERS • BY ALAN PIKE

# Why small isn't beautiful

MR. DAVID BASNETT, this year's chairman of the TUC, agreed enthusiastically in a recent television interview that big is beautiful.

The question was provoked not by Mr. Basnett's own commanding physical stature but by the size of his General and Municipal Workers' Union, which he hoped, was poised to grow by another 130,000 members with the incorporation of the Amalgamated Society of Boilermakers.

Unfortunately for Mr. Basnett, the TUC conference did not relish the idea of their 144-year-old craft union being absorbed by the rather less exclusive GMWU, and the plan has suffered a serious, possibly fatal, setback.

Nonetheless, the subject of amalgamation is very much in the hearts and minds of the trade union movement at the moment. Recent developments include talks between two giants of the TUC—the Amalgamated Union of Engineering Workers and the Electrical and Plumbing Trades Union—which would, if successful, make a big impact on the political structure of the Labour movement.

Although it is generally agreed that there are still too many unions in Britain the trend towards mergers is not new, as is testified by the full name of one of the participants in the present discussions—the Amalgamated Society of Boilermakers, Shipwrights, Blacksmiths and Structural Workers.

There is therefore nothing unusual in one union having tentative amalgamation talks with another and equally there is nothing unusual in such talks coming to nothing. At the moment, however, there are several factors giving a more

enemy") in the shape of huge technological changes, and the strong personal belief of the print union leaders in the need to create one union for the industry, hold out some hope.

Matters become more complicated when, rather than two or three single industry unions coming together as equals, a big union is seeking to attract a smaller organisation in an area of common interest. Here the issue is inevitably seen as a takeover rather than an amalgamation in the pure sense of the word and two or three large unions can sometimes be competing to woo a particularly nubile partner.

The Boilermakers is such an example. It would be difficult to exaggerate the sense of horror with which leaders of the Amalgamated Union of Engineering Workers learned a year ago that this prestige craft union, which they had long seen as a natural ally, was talking to Mr. Basnett at the GMWU. Six years ago the AUEW's dream of creating one union for the engineering industry but confederated with the Transport and General Workers Union beat it to a merger with the National Union of Vehicle Builders. Loss of the Boilermakers to another general workers union would shatter for ever the ideal of one engineering union.

Mr. Hugh Scanlon and his colleagues at the AUEW have been spared humiliation, at least temporarily, by the delegates to the Boilermakers' executive who, in spite of impressive efforts by the Boilermakers' executive to convince the members that the widely held view of the GMWU as no more than a union for unskilled public sector workers was "hopelessly inaccurate and outdated" the conference called off

amalgamation talks largely for this reason. While the full-time Boilermakers' executive, who might be thought to have the most to lose in terms of independence, unanimously recommended continuation of the merger talks the craft jealousies of delegates proved too strong—vividly summed up in one motion describing the GMWU as predominantly representing "gas workers, dustbin men, road sweepers and other local council workers."

Many Boilermakers members, particularly left-wingers, would prefer an amalgamation with the AUEW, and the engineering union renewed its approaches only days after the conference decision. This does not, however, appeal to the Boilermakers' executive which dislikes both the unsatisfactory state of the existing AUEW and the sharply divided politics of the union.

The executive also believes that it is unhealthy for democracy in the trade union and Labour movement for too much power to reside in the hands of a few giant confederations—a tendency which an amalgamation with the AUEW would encourage. It is therefore possible that the Boilermakers' leaders will test the GMWU amalgamation proposal in a ballot of their whole membership before abandoning the idea.

What makes an old-established and industrially powerful union like the Boilermakers contemplate amalgamation at all? It is not that unions of the Boilermakers' size—or smaller—are necessarily unviable, but it becomes increasingly expensive and difficult for them to provide the facilities for research, shop steward training, specialist officials and other services which the bigger unions offer. As the Boilermakers'

executive said in a document explaining its decision to seek amalgamation, "trade union power and influence can now be brought to bear on decision-making at plant, company, regional and national level in a way never before possible."

It would be a completely new union, to remain aloof from these developments and continue to rely exclusively on the union's strength and intelligence at the bargaining table, but to do this at a time when other unions were "forging ahead in exploiting the new opportunities" would not be the best way to serve the membership.

The question of what happens after an amalgamation depends very much upon the parent union's structure. A merger sometimes involves a change of name and adoption of a different form of organisation: the Boilermakers and GMWU were thinking of a complete new union with some clear departures from existing GMWU organisation.

Organisations as varied as the Vehicle Builders, the Scottish Commercial Motormen, the Watermen, Lightermen, Tug-amen and Bargemen, the Union of Bookmakers Employees and others have all entered the TGWU in recent years. In complete contrast is the style of amalgamation which in



Mr. Hugh Scanlon of the AUEW (left), and the Municipal Workers' leader Mr. David Basnett: rival unions for a merger with the Boilermakers

the early 1970s brought about the AUEW. The unions which now form its engineering, foundry, construction and TASS (white collar) sections came together under a loose federal structure with their leaders committed to achieving a common rule book and organisation after the initial amalgamation. This has proved beyond their capabilities. Years of discussion on a common rule book, methods of selecting officials and the size of policy conferences have become infected by deepening political

With the existing amalgamation in this process, the AUEW's engineering section last year sent out a general "come and join us" call to all other unions in the engineering industry. Deputised wondered whether, with the problems of the four sections so publicly on display, the exercise would prove worth the cost of the postage. In fact the AUEW has been rewarded with what is potentially the most important amalgamation development of recent years.

Mr. Frank Chapple's Electrical and Plumbing Trades Union responded quickly and began talks with the AUEW. It

was not the first time that these two unions had looked at the idea of partnership though the talks are going well. Hurdles are plentiful. The AUEW is organised geographically and the EPTU industrially, the former union is devoted to periodic re-election of officials, the EPTU has a ban on Communist officials while the AUEW's TASS section is led by one.

Gradually, though, the obstacles are being overcome and the chances of success are stimulated by the election of Mr. Terry Duffy, a staunch believer in the EPTU merger, to the AUEW presidency. For his part Mr. Chapple thinks such an amalgamation would be important in producing a counterbalance to the power of the TGWU, which has more than 2m members and is still growing. Mr. Duffy, Mr. Chapple's general secretary—hold similar political beliefs to the right of the trade union movement, and a 2m strong union led by such men would

be a tremendous force through-out Labour politics.

The potential implications of the birth of such a creature have not gone unnoticed in the existing AUEW. Mr. Ken Gill, Communist general secretary of TASS and his colleagues are, to put it mildly, of a different political persuasion to Mr. Chapple. To make the EPTU merger feasible the AUEW has to overcome its existing amalgamation difficulties and the absorption of TASS and its elected officials is at the centre of these. No one is going to give ground easily.

At its recent conference TASS accepted the use of the 1964 Trade Union Amalgamations Act to try to overcome some of the barriers to a complete merger with the engineering section, but—worried about possible future constitutional changes to accommodate the EPTU—insisted that the law must never again be used to alter union rules. It looks increasingly likely that the complicated problems of the AUEW's unconsummated marriage will end up before the law but at this stage the parties are uncertain whether they are on their way to the registry office or the divorce court.

## Letters to the Editor

### Budgeting in the EEC

From Michael Shaw, MP

Sir—I agree with your leading article on the negative attitude towards the Community Budget (May 26) but I would not wish your readers to gain the impression that the forthcoming budget procedures are a matter between the Council and the Commission.

In fact, now that the Commission has presented the Preliminary Draft Budget for 1979, its official role has ended, although its important contributory role will continue.

The determination of the 1979 Budget is now in the hands of the two budgetary authorities, the European Parliament and the Council, each institution dealing with the Budget in two readings.

A booklet of mine, to be published next month, describes the respective roles in practice of the Parliament and the Council. I would just record that the Parliament has consistently adopted a far more Community-minded attitude than the Council.

The Council indulges in its irrational, piecemeal cuts partly because it has come to rely on the Parliament subsequently adopting a more reasonable attitude. (See my 1978 Pre-Budgetary Draft Budget, it will be essential for the Council to adopt a Community-minded approach from the outset this year, if progress is to be maintained in developing the Community Budget as an instrument of policy.)

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These are the annual yield per cent figures on multiple premiums (including tax relief) paid to a leading life company on Ordinary Branch endowment contracts maturing this year:

Young man—Middle-aged man at entry

10 yrs 5.44 10 yrs 4.55

15 yrs 6.42 15 yrs 5.64

35 yrs 5.36 35 yrs 6.20

It may be that (say) 5.44 per cent is a fair average yield over the last ten years. But one wonders: after all, the death risk is almost nil. More obviously, 5.36 per cent seems fair over the last 35 years. Even allowing for tax relief on the premiums, the figures hardly suggest life insurance as a "must" for investors, particularly when the indexability aspect is included.

A cynic might say that these sort of yields are the reason why life insurance people so rarely mention them. Let me say that I am a great believer in life insurance, but I believe that the simple truth, rather than investment concept.

Dr. M. King, 87, Banger Road, SE6.

Chartered directors

From Mr. Clifford Jackson

Sir—To practice as an engineer or an accountant you need to be chartered, and as a marketeer or a personnel manager you need a diploma. To become a board of examiners that you have sufficient professional knowledge, enough experience to apply that knowledge beneficially and are a suitable person to practice.

Yet these skills (ritual though they are) are of far less importance to the success of a company—and hence of British industry—than the quality of the board which decides its policies, monitors their execution and oversees these specialists.

Why is it that directorships are left wide open to sons-of-fathers, retired admirals and others who have little training or experience of economic trends, customer production, and the cost effective practice of consultation and good industrial relations?

Mr. Hildreth of the Institute of Directors has pointed out that the White Paper discards the need for quality in prosperity, and if we want full employment, our business enterprises must be led by boardroom teams competent to direct their companies' resources and the activities of their fellow workers. He goes on to say that "the White Paper proposes a method of selection for directors which takes no account of their ability to do their job."

When is the Institute or the CBI going to give a lead in specifying "quality requirements" for directors, and evolving a means of assessing them and awarding an appropriate accolade?

Clifford Jackson, 25, Old Burlington Street, W1.

Life policies

as investments

From Mr. D. M. King

Sir—Most of us agree broadly, no doubt, with the views about life insurance given by Mr. R. Parvin on May 30, 1978.

The lacuna, however, lies in the suggestion that long term contracts represent the best value. They may be the best value in life insurance contracts but they are not, very possibly, the best value in investment terms. Unless one drops dead prematurely—hardly a popular option.

From the President, The Institution of Chemical Engineers

Sir—Your Science Editor is to be congratulated on his excellent commentary (May 25) on the newly announced Government plans for assisting the development of coal processing technology. In an informative article he supports these pro-

posals and rightly stresses the need for an early start for the development of several British processes beyond their current research stages. In order to provide for the rapidly approaching time when our North Sea oil and gas wealth runs out.

It is regrettable therefore that the article refers only to scientists, but never to engineers, as being the people principally concerned with turning these ideas into practical realities. While the chemistry of a process is of course the vital first step on the long and unfirst step on the start-up of the first full-scale commercial unit, the problems of most subsequent steps are primarily of an engineering nature. Their solution requires the collaboration of professional engineers and scientists of many disciplines, and with this type of process it is the chemical engineers in particular who play a key role.

Many chartered engineers will make important—indeed essential—contributions to this development programme. The engineering profession is subject to much current debate and there is justified anxiety at its lack of appeal to our ablest young people. No opportunity should be missed to show the value of engineering to society and how it can provide rewarding careers.

J. M. Solbett, George E. Davis Building, 165-171, Railway Terrace, Rugby.

Micro revolution

From Mr. Richard Copley-Smith

Sir—In his call for more government research, Professor Freeman rightly stresses the enormity of the "microprocessor revolution" (May 24).

But when an academic scientist calls for policy reviews, is there not a danger that the rest of us may be lulled into feeling that change, however fundamental, is still a comfortable distance in the future?

It is not. American, German, French, Italian, Japanese—and some British—products already feature microprocessors. Not just in remote scientific or medical or technological applications. Nor just ephemera like hobby computers, smart door chimes or TV games. But in ordinary, everyday, consumer durables such as washing machines, sewing machines, vacuum cleaners, hair dryers, power tools, ovens, lawnmowers, cars and central heating controls. Almost any product which runs on electricity or has a motor could probably be improved with a microprocessor.

The new products are coming on stream now. Nowhere is this more apparent than at the American Design Engineering Show just ended in Chicago. The main feature was a "hand-on" non-intimidating seminar about microprocessors for product designers. This was oversubscribed many times by U.S. designers anxious to learn about this new technology. Tickets were as hard to come by as Cup Final tickets in Ipswich.

In December this year, the seminar is being repeated at the Design Engineering Conference, National Exhibition Centre, Birmingham, for the benefit of British design engineers, where Chicago seminar leader, Andrew Singer, is bringing 25 microcomputers to enable British design engineers to run their own practical experiments.

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GENERAL Department of Industry publishes investment intentions of manufacturing, distributive and service industries (1978 and 1979). United Nations special session on disarmament continues, New York.

Mr. Malcolm Fraser, Australian Prime Minister, in U.S. for trade talks.

Mr. Bruce Millan, Scottish Secretary, visits Larwick to discuss with local officials a proposed Government amendment to the Scotland Bill which would enable him to adjudicate in any dispute between the Shetland and Orkney Islands and a Scottish Assembly.

Mr. David Ennals, Social Services Secretary, addresses Royal College of Nursing conference, Harrogate.

## Today's Events

Mr. Merion Rees, Home Secretary, opens International Professional Security conference, Wembley Conference Centre.

Post Office Engineering Union conference, Blackpool.

CBI Northern Regional Council meets, Washington, Tyne and Wear.

General and Municipal Workers' Union conference, Scarborough.

Bakers, Foods and Allied Workers' conference, Bridlington.

London Chamber of Commerce trade mission (nine day tour of major Spanish industrial centres, Metal Box (full year).

COMPANY MEETINGS See Week's Financial Diary on Page 8

EXHIBITIONS The 62 Group (textile artists) summer exhibition, Commonwealth Institute, High Street, Kensington, W.8 (until June 18).

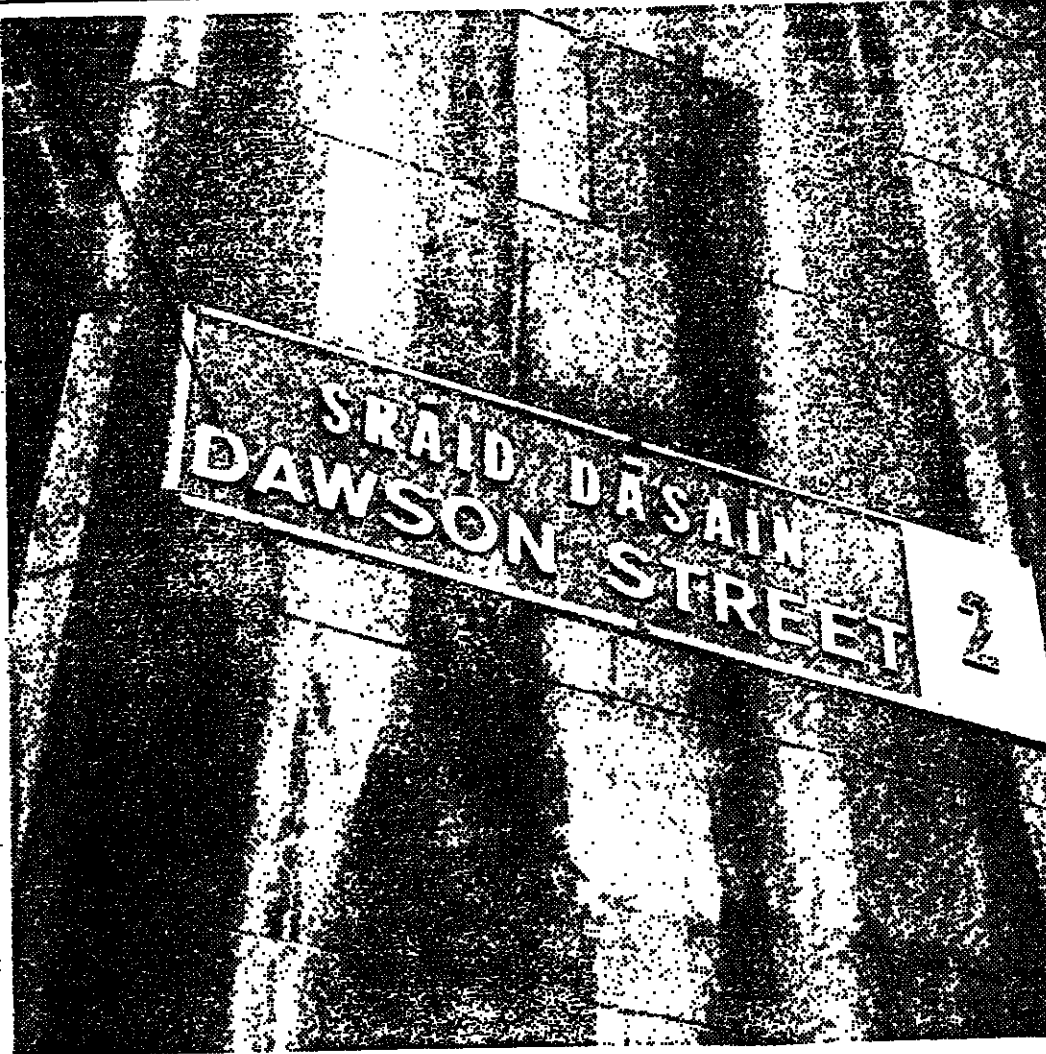
Anglo-Jewish silver, Victoria Exhibition, U.S. Trade Centre, 4, Langham Place, W.1 (until June 9).

Royal Academy summer exhibition, Burlington House, Piccadilly, W.1 (until August 13).

Josiah Wedgwood exhibition, Science Museum, South Kensington, S.W.7 (until July 9).

Royal Academy summer exhibition, Burlington House, Piccadilly, W.1 (until August 13).

Cricket: First Test (fourth day), England v Pakistan, Edgbaston, Golf: Amateur championship, Troon.



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# COMPANY NEWS

## Turriff expects to maintain performance

A RATE of profit growth to match that achieved in 1977 is hoped for in the current year at Turriff Corporation. The overall picture for 1978 is satisfactory, and a growing proportion of profits is coming from overseas, and margins are improving, Mr. W. G. Turriff, the chairman, says.

Pre-tax profits last year rose from £8.8m to a record £10.6m on turnover down from £36.6m to £33.7m. The dividend is increased from 2.07p to 2.54p net per 25p share as reported May 12.

The group entered the current year with a reasonable order book but UK activities were adversely affected by bad weather in the first quarter.

Looking beyond 1978 the chairman says it is difficult to be very optimistic about prospects in the UK. He says that apart from the difficult business climate, the weight of legislation is becoming stifling.

However, Turriff continues to strengthen its base for future expansion. Broad geographical coverage has been built up, and a good base of specialisation and experience. Its marketing effort generally has been strengthened and the group is enjoying an increasing number of opportunities.

The chairman is confident that the company should be able to secure sufficient of these on terms that will enable the group to at least maintain its position.

Mr. Turriff says overseas business will continue to be difficult to secure but, with the group's ability, it should obtain its share. Good profits were earned in construction, in 1977, with industrial and commercial work continuing to be the primary interest of this division. The geographical coverage has been further extended to enable the group to expand more rapidly, internationally.

A successful year was obtained in the engineering and pipeline division, in spite of exceptionally bad weather, and activities in the oil and gas areas continued to grow.

Sluggish business climate coupled with substantial preliminary expenditure incurred in Saudi Arabia, in anticipation of future work which did not materialise, resulted in mechanical services not achieving the profit able trading basis the group was hoping for.

Overall, profits overseas were below expectations. In addition to the Saudi Arabian setback, a project in Iran incurred a considerable loss, as well as setting-up difficulties in Venezuela.

In spite of these disappointments the group continued to be active in many overseas markets on a range of different projects.

During the year the group undertook a thorough review of the way it undertakes its overseas activities and it was decided to combine the group's total skills and experience into a single international organisation. As a result, Turriff International was established.

### BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends are expected or not, or whether the dividends shown below are based on last year's results.

TODAY  
Interiors—Martin, the Newcastle, St. John Del Rey Mining.

Future Dates  
Fleming—Anglo American Corporation of South Africa, Crisis and Rise, Metal Box, William Reed, View Forth Investment Trust, Westpool Investment Trust.

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## Ayrshire Metal sees recovery

Despite the disappointing results of the second half of 1977, Mr. W. S. Wilson, chairman of Ayrshire Metal Products, hopes that the first six months of the current year will produce a similar outcome to the first half last year, when taxable earnings reached £408,000.

For the whole of 1977 profit was down from £700,590 to £671,275 on sales of £13m. (£9.88m) as reported May 25. The net dividend is 3.5125p (3.1776p).

The reasons for the fall were threefold. Firstly an £88,000 increase in group bad debts, a £45,000 loss in Scandinavia, and considerable maintenance and site improvements carried out at one of the group's plants.

Working capital at year end was up £17,707 (£22,930) with bank overdrafts lower at £183,225 (£164,193). Capital spending contracts amounted to £11,500 (£75,000).

Sales and profit were split as to UK, £12,65m (£9.28m) and £709,869 (£700,419) and France and Sweden £345,537 (£300,713) and loss £38,994 (profit £171).

All factories were operating at a high level of activity, though most of the year through the St. Helens unit showed a drop in the second half as a result of a fall back in its traditional markets. Plans are well under way to change the market base at St. Helens, and at the same time bring about a general streamlining of its operations.

At Irvine, capacity was at full stretch throughout the year with the exception of partitions. The new forming line at Metal Trim, Daventry, is fully operational and now making a significant contribution, but Metal Trim Scandinavia had a difficult year as a result of problems associated with obtaining necessary technical approval of the product, and the dramatic downturn of activity in this area.

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The directors consider it likely that the sale of the company's properties now would realise a surplus on cost.

The directors believe that the cost of a full professional valuation of properties every year is not justified when there is no present intention of selling them, but as the portfolio is significant in relation to the company's size, they are considering having a full valuation for inclusion in next year's accounts.

## Confidence at More O'Ferrall

THE PRESENT outlook for More O'Ferrall in Great Britain and Ireland for the rest of 1978 gives the directors cause to be confident that the year's results will show continuing improvement on the £9.94m seen last time.

In his annual statement Mr. E. R. More O'Ferrall, the chairman, says that the return of confidence which boosted demand for the company's "supersties" throughout 1977 has remained strong in the current year and the benefit of plant investment and marketing innovations is now visible. In the UK, therefore, the company is enjoying a much higher rate of sale than in former years.

The directors believe that their marketing strategies will not only allow them to achieve the maximum return from plant in the current buoyant conditions, but also give them a firmer base even if the general demand for outdoor space should slacken.

They are continuing to expand investment in France and Belgium and are finding a very encouraging response from the advertising market. The company's new arrangement with France Rail Publicité will provide significant growth in the Paris region in 1978, the chairman states.

Conditions in France now appear to be returning to normal following the election, and the directors expect rising profit in this market. In Belgium the number of sites is being increased with resulting improvement in revenue and profit.

Group taxable profit in 1977 soared to £940,791 (£270,001) and the net dividend is stepped up to 3.3997p (3.0438p). Further progress in both turnover and profit was made by the subsidiaries operating in France and Belgium, and the 50 per cent owned Adshel bus stop shelter advertising concern lifted profit to £318,000 (£144,000).

Liquidity was up £78,000 (down £30,000) at year end with bank overdrafts standing lower at £87,421 (£116,433) bank balances and cash higher at £74,270 (£31,589) and short-term loans and deposits up from £80,011 to £130,481.



Sir Arthur Norman, chairman of De La Rue Company which is expected tomorrow to announce its 1977/78 results.

## Tootal hopes to improve after dull start

The current year at Tootal, the textile manufacturing group, has opened in the same dull conditions seen towards the end of 1977/78, but improvement is hoped for in the second-half, says Sir George Kenyon, the chairman, in his annual review.

In the longer term, the group is making its dispositions to be ready for the improvement in international trade which must come eventually, and the greater stability provided by the recently re-negotiated Multi-Fibre Agreement augurs well he says. The group is well placed to take advantage of the opportunities available.

Current year results will depend to a large extent upon the degree of expansion of world trade and a recovery in consumer spending in the UK. As reported on April 28, group pre-tax profit advanced from £17.78m to a record £21.77m for the year to January 31, 1978, on sales of £381.19m (£324.65m). Stated earnings were 8.1p (5.9p) and the dividend is stepped up to 2.7238p (2.4639p) net.

The continued improvement in UK results in the second-half was particularly satisfying, the chairman points out.

Overseas, a declining profit trend was arrested. In Australia, record profits were achieved, while other overseas operations showed little change overall in terms of local currency.

However, the relative strength of the pound against the U.S. dollar had the effect of reducing the sterling equivalent of profits of the North American companies—profits from a number of other overseas operations and from exports were similarly affected.

Exports accounted for £55.34m (£45.07m) of UK sales, while exchange rates reduced the sterling equivalent of overseas profits by £719,000.

Expenditure on fixed assets during the year amounted to £11.4m of which £6.3m was in the UK. The Board is reviewing the value of group properties throughout the world with the aid of professional advice.

Meeting, Manchester, June 28, at noon.

## First quarter increase at Third Mile

First quarter 1978 results of Third Mile Investment Company show a small increase in turnover and profit, and Mr. J. E. V. Rice, the chairman, says in his annual statement that he is "optimistically anticipates another good year."

He adds, however, that for a better estimation of the full year's results, he says it will be necessary to wait until the first-half results are known and when the effect of the usually slacker summer months' stationary sales, as well as increased competition, can all be assessed.

As reported on May 11 net profit for 1977 was £72,253 compared with £7,219 on turnover of £783,986 against £181,389.

Third Mile recently purchased a debt from National Westminster Bank and another from Slater Walker, owing to each of them by Semphar (Holdings), amounting to £186,507 and £875,658 respectively. Total purchase consideration was £43,500 and completion was effected by a cash payment from the company's liquid resources.

Further discussions with Semphar are now taking place, Mr. Rice says. Third Mile currently has a 7.39 per cent stake in Semphar.

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Thurs.	8.083	8.204
Fri./Sun.	7.942	8.274

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50,000,000		42,464,134

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Particulars relating to the Company are available in the Extel Statistical Services and copies of these particulars may be obtained during usual business hours (Saturdays excepted) between 5th June and 16th June, 1978, both dates inclusive, from:

Morgan Grenfell & Co. Limited, 23 Great Winchester Street, London EC2P 2AX.	Cazenove & Co., 12 Tokenhouse Yard, London EC2R 7AN.
Hoare Govett Limited, Atlas House, 1 King Street, London EC2V 8DU.	Kitcat & Aitken, 9 Bishopsgate, London EC2N 3AD.

## Record new business sales by Irish Life

RECORD new business sales were achieved in all branches of Irish Life Assurance Company in 1977. New annual premiums in the ordinary branch increased by 17 per cent to £10.6m and single premium sales doubled to £300m. This latter growth coming both from high income bond sales at the beginning of the year and an upsurge in unit-linked bond investment towards the end of the year. A substantial branch business remained buoyant with new annualised premiums 14 per cent higher at 1.4m.

Annual premium income in the ordinary branch during the year jumped by 22 per cent to £43m and single premiums more than doubled to £20m, while investment income increased by 45 per cent to £20m. Claims and expenses were over £5m higher at nearly £30m so that there was a £5m excess of income over outgoings.

Assets relating to unit-linked business showed a £20m capital appreciation resulting in a £54m increase in life funds to £277m. The industrial branch fund in 1977 rose by £4m to £48m, while the expense ratio was reduced slightly to 52.1 per cent of premium income.

Last year's valuation of ordinary business disclosed a surplus of £2.73m, of which £54,000 was transferred to profit and loss and £2.15m allocated to policyholders. The reversionary bonus rates for 1977 are 24.775 per cent of the sum assured on first series policies and 27.2 per cent on the second series, with additional rates for policies that have been in force for long periods.

The terminal bonus rates, payable on death of maturity, is fixed at 25 per cent of attaching bonuses. On the industrial branch valuation a surplus of £78,000 was disclosed, of which £25,000 was transferred to profit and loss and £53,000 paid to policyholders in the form of bonuses.

The directors say of the company's withdrawal from membership of the Life Office Association in respect of its UK business, that they had come to the conclusion that it was administratively cumbersome to operate two companies under one umbrella, and that the company's business in the UK was too small to justify the cost of maintaining two separate entities.

One for Ireland and the other for the UK. Since the scale for Ireland was still related to the sum assured, it had been decided to revert to this system in the UK rather than continue with a premium-related basis. This move meant resigning from the association of the company's Irish business, which had been under pressure to provide additional manufacturing facilities for the Securitaner. The initial investment will be in excess of £100,000 which shows the group's determination to solve the Securitaner supply situation for the future. Production is planned to start early in 1979.

Mr. Robert Johnson, chairman of J. and J. said that the company had been under great pressure to provide additional manufacturing facilities for the Securitaner. The initial investment will be in excess of £100,000 which shows the group's determination to solve the Securitaner supply situation for the future. Production is planned to start early in 1979.

Investors—providing short-term savings through the proposed building society, with medium- and long-term contracts through the existing life assurance operations.

## New personal pension contract from CMG

Clerical Medical and General Life Assurance Society is today launching a regular premium Personal Pension Contract to supplement its highly successful single premium plan. These two contracts now offer the self-employed and others in non-pensionable employment the choice of making pension provision either by regular payments or through a series of single premium payments, thus providing investors with complete flexibility as to payment of contributions.

The plan is on the deposit administration basis, with a guaranteed rate of accumulation plus bonus interest being added. The regular savings plan will have a distinctive bonus rate from the single premium contract (0.267 per cent) declared at the last triennial valuation.

The contract offers considerable flexibility regarding payment of contributions. They can be paid annually, half-yearly, or monthly and can be reduced or later increased again, within certain limits, on a guaranteed basis. The benefits are in the usual flexible form including an option to commute part of the pension for a completely tax-free lump sum.

## Johnsen & Jorgensen

Johnsen & Jorgensen (Holdings) announces the formation of a new company to manufacture its range of the Securitaner, of which J. and J. (Plastics) is the sole supplier in the UK. The company is formed in collaboration with an associate, West Phoenix Rubber, a leader in specialist moulded rubber closures and components for the pharmaceutical and medical fields.

Mr. Robert Johnson, chairman of J. and J. said that the company had been under great pressure to provide additional manufacturing facilities for the Securitaner. The initial investment will be in excess of £100,000 which shows the group's determination to solve the Securitaner supply situation for the future. Production is planned to start early in 1979.

## Bulmer & Lumb (Holdings) Limited

THE WOOL AND SYNTHETIC TEXTILE GROUP

Salient points from the statement by the Chairman, Mr. J. H. Nunnery:-

- ★ Pre-tax profits increased from £1,438,000 to £2,187,000.
- ★ Maximum permitted dividend recommended.
- ★ Balance sheet is strong and there is adequate finance for future development.
- ★ Policy of continued capital investment has ensured increased efficiency and the group is well placed to benefit from any further improvement in trade.
- ★ Profits in current year expected to be not less than figures now reported.

## RESULTS IN BRIEF

	52 weeks to 2 Apr 1978	53 weeks to 3 Apr 1977
Group sales	£27,000,000	£24,000,000
Profit before tax	£2,187,521	£1,438,412
Profit after tax	£1,049,521	£688,412
Earnings per 20p share	12.19p	7.98p
Dividend per 20p share	3.10807p	2.80648p
Capital employed - including loan	£6,948,269	£6,251,859

Copies of the report and accounts can be obtained from the Secretary, Bulmer & Lumb (Holdings) Limited, Buttershaw, Bradford BD6 2NE.

## LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest payable	Minimum term	Life of bond
Barking (01-582 4500)	10%	1-year	5.000
Barking (01-582 4500)	11%	1-year	5.000
Barnesley Metro. (0226 203222)	11%	1-year	250
Knowsley (051 549555)	11%	1-year	1,000
Orford (0885 48911)	10%	1-year	5,000
Pole (02013 5151)	10%	1-year	500
Redbridge (01-478 3020)	10%	1-year	200
Thurrock (0375 5122)	11%	1-year	300
Thurrock (0375 5122)	11%	1-year	300
Worthing (0903 37111)	9%	1-year	500
Wrekin (0832 505051)	11%	yearly	1,000
Wrekin (0832 505051)	10%	1-year	1,000

## FINANCE FOR INDUSTRY TERM DEPOSITS

Deposits of £1,000-£25,000 accepted for fixed terms of 3-30 months. Interest paid gross, half-yearly. Rates for deposits received not later than 3.5.78.

Term (years)	3	4	5	6	7	8	9	10
Interest %	10.5	11	11.5	12	12.5	13	13.5	14

Rates for larger amounts on request. Deposits to and further information from The Chief Cashier, Finance for Industry Limited, 91 Waterloo Road, London SE1 8PP. (01-475 4444 Ext. 177). Cheques payable to "Bank of England, N/A 177". FFI is the holding company for ICFI and FCI.

### NEW ISSUE

These securities having been sold, this announcement appears as a matter of record only.



## Finnish Export Credit Ltd.

(Suomen Vientiluotto Oy-Finlands Exportkredit Ab)

Kuwait Dinars 7,000,000

7½ per cent. Guaranteed Notes due 1983

Unconditionally and irrevocably guaranteed by the

## Republic of Finland

Issue Price 100 per cent.

Kuwait Investment Company (S.A.K.)

Kansallis-Osake-Pankki

Union Bank of Finland Ltd.

Bank of Helsinki Ltd.

Abu Dhabi Investment Company  
Alahli Bank of Kuwait (K.S.C.)  
Algemeine Bank Nederland N.V. (Bahrain Branch)  
American Express Middle East Development Company S.A.L.  
Arab African Bank - Cairo  
Arab Finance Corporation S.A.L.  
Arab Financial Consultants Company S.A.K.  
Arab Investments for Asia (Kuwait) K.s.c.  
Arab-Malaysian Development Bank BERHAD  
Arab Trust Company K.S.C.  
B.A.I.I. (Middle East) Inc.  
Bahrain Investment Company B.S.C.  
Bank of Bahrain and Kuwait B.S.C. - Kuwait Branch  
Bayerische Vereinsbank International  
Société Anonyme  
Burgan Bank S.A.K. - Kuwait  
Citicorp International Group - Bahrain.  
Dillon, Read Overseas Corporation  
European Banking Company Limited  
Euroseas Banking Company (Qatar) Limited  
Financial Group of Kuwait K.S.C.  
First Boston AG  
The Gulf Bank K.s.c.

The Industrial Bank of Kuwait K.S.C.  
Kreditbank N.V.  
Kreditbank N.V. - O.B.U. (Bahrain)  
Kuwait Financial Centre S.A.K.  
Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.)  
Kuwait International Finance Company S.A.K. "KIFCO"  
Kuwait International Investment Co. s.a.k.  
Manufacturers Hanover Limited  
Merrill Lynch International & Co.  
National Bank of Abu Dhabi  
National Bank of Bahrain, Bahrain  
The National Commercial Bank, Saudi Arabia  
The National Bank of Kuwait S.A.K.  
Nederlandse Credietbank N.V.  
Al Saudi Banque  
Société Centrale de Banque  
Union de Banques Arabes et Européennes - U.B.A.E.  
Union de Banques Arabes et Françaises - U.B.A.F.  
Bahrain Branch  
Wardley Middle East Limited  
Wood Gundy Limited

هكمان النحل







# FT Monthly Survey of Business Opinion

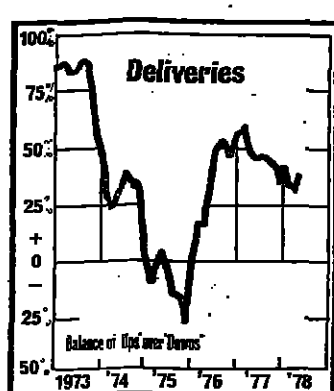
STATISTICAL MATERIAL © TAYLOR NELSON GROUP

## GENERAL OUTLOOK

### Optimism on the wane

OPTIMISM about both the general business situation and the outlook for the UK economy has been waning visibly since the beginning of the year, and last month's survey showed that the trend has not halted.

As one might expect at this stage of the recovery, with consumer demand leading the way, the level of confidence in the two consumer orientated sectors covered last month—stores and consumer services, and cars and consumer durables—is significantly higher than in the third sector, electrical engineering. But, even in the first two sectors, the level of optimism was lower than in January.



At a more tangible level, the electrical engineering and cars/

consumer durables sectors were less inclined than they had been when they were last surveyed four months ago to expect their export volume to be greater over the next 12 months.

An increasing number of companies throughout industry are also now citing the level of export orders as one of the constraints on their output.

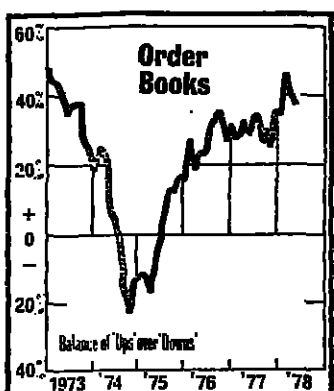
All in all, the outlook is dominated by the slow rate of recovery in the UK and abroad, plus some concern over the next phase of wages policy and the uncertainties generated by the coming election.

## ORDERS AND OUTPUT

### Only a partial recovery

CONSUMER demand continues to rise but the upturn is a slow one and it has yet to filter through to the non-consumer goods sectors of industry.

This is shown by the contrasting reports for orders and deliveries last month. In the stores and consumer services sector the rising trend continued but both the electrical engineering and cars/consumer durables sectors were less inclined to report an improvement than they had been in January. The net result was a decline in the overall balance of "ups" over "downs" for orders.



The electrical engineering and stores/consumer services

sectors were also more inclined to say that their level of purchases over the next four months would remain the same rather than increase.

Looking further ahead, the stores/consumer services sector had become slightly more bullish about sales volume over the next 12 months, whereas the other two sectors had become less so.

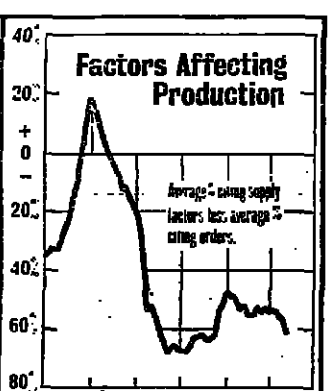
All in all, with an election in the offing and other industrial countries reacting relatively slowly, the outlook was said to be tinged with a good deal of uncertainty.

## CAPACITY AND STOCKS

### Labour shortages recur

THE PREVALENCE of labour recruitment difficulties at so early a stage of the upturn—and one which, moreover, is still largely confined to the consumer goods sectors—is both remarkable and worrying.

The difficulties have been cited for some months and apply to all three categories of manpower listed in the table—executive staff, skilled factory personnel, and manual labour. In electrical engineering, the complaints ranged from senior personnel to engineers and scientists, inspectors, and unskilled staff. In cars, high



grade fitters, marketing staff, mechanics and repair personnel

were cited. In stores and consumer services, it was good quality store managers, and hotel and catering staff.

Taxes and pay policy were widely blamed. Differentials had been compressed and it was difficult to persuade people to work overtime. Pay restrictions were also given as one of the reasons for the frequency with which labour disputes are being cited as a constraint upon production.

The biggest constraint, however, continues to be order levels including, for an increasing proportion of companies, export orders.

## CAPACITY WORKING

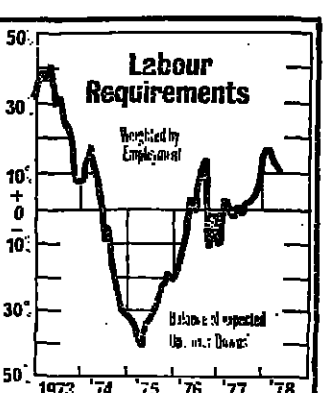
	4 monthly moving total				May 1978			
	Feb. May	Jan. Apr.	Dec. Mar.	Nov. Feb.	Elect. Eng's	Consumer Durables	Stores	%
Above target capacity	10	9	10	9	4	25	17	
Planned output	54	56	57	60	73	57	67	
Below target capacity	35	34	32	31	23	18	16	
No answer	1	1	1	1	—	—	—	

## INVESTMENT AND LABOUR

### Reluctant to recruit

THE PROSPECT of reducing the number of unemployed has waned, with more firms now expecting to make do with the same or a smaller labour force and fewer firms expecting an increase. This month it was the electrical engineering sector in particular which has scaled down its forward requirements.

The main factor by far was the lack of demand, actual and foreseeable. This reason was mentioned by 66 per cent (weighted) of respondents in the last four months as against only 39 per cent in the November-February period.



After demand, the other reasons given have been, in

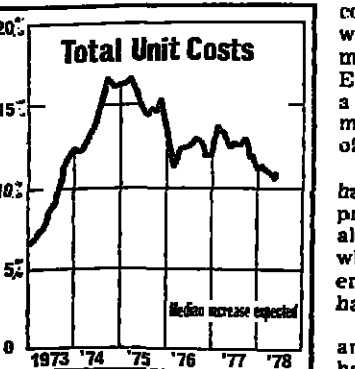
descending order, the potential cost of redundancy payments, plans to raise productivity, difficulty in recruiting staff with suitable skills, other aspects of employment legislation (besides the cost of redundancy payments), high wage and other labour costs, and uncertainty about the future.

Companies often made the point that, because of recent employment legislation, they now had to be much more certain of an upturn before they took on more labour.

Meanwhile, the prospects for increased investment spending remain reasonably good.

## COSTS AND PROFIT MARGINS

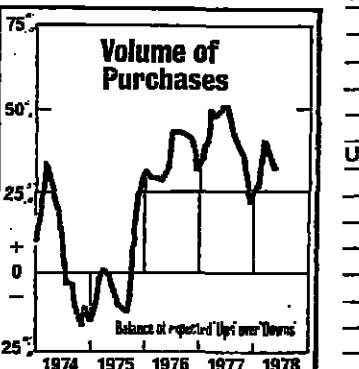
### Inflation rate steadies



contract to the government which are taking the Government's "black list" seriously. Elsewhere, there appears to be a greater readiness to take a more flexible attitude to the official guidelines.

The outlook for profitability has brightened a little. For profit margins, the "ups" now almost equal the "downs", while for earnings on capital employed the balance of "ups" has become a little larger.

The stores/consumer services and the cars/durables sectors have both raised their earnings expectations, while the electrical engineering sector has become more bullish about margins.



These surveys, which are carried out for the Financial Times by the Taylor Nelson Group, are based upon extensive interviews with top executives.

Three sectors and some 30 companies are covered in turn every month. They are drawn from a sample based upon the FT-Actuaries' Index, which accounts for about 60 per cent

## GENERAL BUSINESS SITUATION

	4 monthly moving total				May 1978			
	Feb. May	Jan. Apr.	Dec. Mar.	Nov. Feb.	Elect. Eng's	Consumer Durables	Stores	%
Are you more or less optimistic about your company's prospects than you were four months ago								
More optimistic	30	37	38	41	28	70	60	
Neutral	44	38	38	39	72	12	40	
Less optimistic	26	25	22	18	—	18	—	
No answer	—	—	2	2	—	—	—	

## EXPORT PROSPECTS (Weighted by exports)

	4 monthly moving total				May 1978			
	Feb. May	Jan. Apr.	Dec. Mar.	Nov. Feb.	Elect. Eng's	Consumer Durables	Stores	%
Over the next 12 months exports will be:								
Higher	69	75	77	75	50	63	68	
Same	16	13	9	8	49	6	31	
Lower	12	9	11	14	1	31	1	
Don't know	3	3	3	3	—	—	—	

## NEW ORDERS

	4 monthly moving total				May 1978			
	Feb. May	Jan. Apr.	Dec. Mar.	Nov. Feb.	Elect. Eng's	Consumer Durables	Stores	%
The trend of new orders in the last 4 months is:								
Up	44	49	53	48	50	51	73	
Same	32	28	29	28	31	37	27	
Down	14	11	10	12	19	12	—	
No answer	10	12	8	12	—	—	—	

## PRODUCTION/SALES TURNOVER

	4 monthly moving total				May 1978			
	Feb. May	Jan. Apr.	Dec. Mar.	Nov. Feb.	Elect. Eng's	Consumer Durables	Stores	%
Those expecting production/sales turnover in the next 12 months to:								
Rise over 20%	3	5	4	4	4	6	3	
Rise 15-19%	1	4	4	7	4	—	—	
Rise 10-14%	9	12	9	11	4	24	13	
Rise 5-9%	32	23	25	27	51	2	70	
About the same	45	48	48	45	37	18	14	
Fall 5-9%	3	3	2	3	—	—	—	
No comment	7	5	6	3	—	50	—	

## STOCKS

	4 monthly moving total				May 1978			
	Feb. May	Jan. Apr.	Dec. Mar.	Nov. Feb.	Elect. Eng's	Consumer Durables	Stores	%
Raw materials and components over the next 12 months will:								
Increase	30	40	45	44	27	17	36	
Stay about the same	47	42	40	47	50	70	30	
Decrease	19	16	13	8	23	13	14	
No comments	4	2	2	1	—	—	20	
Manufactured goods over the next 12 months will:								
Increase	28	30	32	35	32	45	50	
Stay about the same	37	38	41	42	18	6	30	
Decrease	10	10	10	3	—	37	—	
No comments	25	22	17	20	50	12	20	

## FACTORS CURRENTLY AFFECTING PRODUCTION

	4 monthly moving total				May 1978			
	Feb. May	Jan. Apr.	Dec. Mar.	Nov. Feb.	Elect. Eng's	Consumer Durables	Stores	%
Home orders	86	85	86	85	64	68	83	
Export orders	68	63	61	60	41	86	60	
Executive staff	28	29	30	34	27	43	33	
Skilled factory staff	41	43	42	46	59	64	20	
Manual Labour	19	17	13	11	23	37	13	
Components	4	4	5	7	8	24	—	
Raw materials	4	3	5	9	27	—	3	
Production capacity (plant)	11	14	15	11	9	6	13	
Finance	—	—	—	—	—	6	—	
Others	10	9	7	12	—	12	—	
Labour disputes	30	30	37	38	41	18	33	
No answer/no factor	1	4	5	4	—	—	—	

## LABOUR REQUIREMENTS (Weighted by employment)

	4 monthly moving total				May 1978			
	Feb. May	Jan. Apr.	Dec. Mar.	Nov. Feb.	Elect. Eng's	Consumer Durables	Stores	%
Those expecting their labour force over the next 12 months to:								
Increase	29	28	30	27	6	35	48	
Stay about the same	52	57	56	62	63	65	28	
Decrease	19	15	14	11	31	—	24	

## CAPITAL INVESTMENT (Weighted by capital expenditure)

	4 monthly moving total				May 1978			
	Feb. May	Jan. Apr.	Dec. Mar.	Nov. Feb.	Elect. Eng's	Consumer Durables	Stores	%
Those expecting capital expenditure over the next 12 months to:								
Increase in volume	54	55	53	57	59	77	38	
Increase in value but not in volume	5	6	6	12	4	—	—	
Stay about the same	11	15	18	17	—	23	4	
Decrease	28	24	23	18	37	—	34	
No comment	2	—	—	2	—	—	24	

## COSTS

	4 monthly moving total				May 1978			
	Feb. May	Jan. Apr.	Dec. Mar.	Nov. Feb.	Elect. Eng's	Consumer Durables	Stores	%
Wages rise by:								
5-9%	12	9	10	5	28	—	13	
10-14%	66	67	64	74	45	100	87	
15-19%	12	13	11	10	4	—	—	
20-24%	2	2	2	—	—	—	—	
No answer	8	9	13	11	23	—	—	
Unit cost rise by:								
0-4%	—	1	1	3	—	—	—	
5-9%	34	38	36	24	50	68	14	
10-14%	52	49	48	60	23	26	80	
15-19%	4	5	7	6	—	—	3	
20-24%	3	4	3	—	—	—	—	
Same	—	—	—	1	—	—	—	
Decrease	1	—	—	1	4	—	—	
No answer	6	3	5	5	23	6	3	

## PROFIT MARGINS

	4 monthly moving total				May 1978			
	Feb. May	Jan. Apr.	Dec. Mar.	Nov. Feb.	Elect. Eng's	Consumer Durables	Stores	%
Those expecting profit margins over the next 12 months to:								
Improve	32	23	26	24	73	40	50	
Remain the same	30	41	41	43	23	17	23	
Contract	35	33	29	29	4	43	14	
No comment	3	3	4	4	—	—	13	

## ENNIA N.V.

(Established at The Hague)

The Management Board announces that on the 2nd June 1978 the General Meeting of shareholders approved the annual accounts for 1977 and the profit appropriation contained therein as confirmed by the Supervisory Board. The dividend for the financial year 1977 has been fixed at Dfls. 7.50 per Dfls. 20. Ordinary share, of which an interim dividend of Dfls. 2.75 has already been paid in October 1977. Instead of the final dividend of Dfls. 4.75 per Dfls. 20. Ordinary share in cash, shareholders may elect to receive Dfls. 0.75 in cash and 3% in Ordinary shares on the Share Premium Account. For shareholders and holders of Ordinary share certificates who wish to receive the dividend in cash, coupons numbered 24 and 25 respectively of their securities will be payable at the head offices of the following banks with effect from 18th June 1978:

Amsterdam-Rotterdam Bank N.V.  
Algemeene Bank Nederland N.V.  
Nederlandse Handelsbank N.V.  
Pierson, Heijding & Pierson N.V.  
Bank Mees & Hope N.V.  
Nederlandse Credietbank N.V.  
N.V. Slavenburg's Bank  
Van der Hoop, Offers & Zoon N.V.  
at Amsterdam, Rotterdam and The Hague

For each Dfls. 20. Ordinary share or Ordinary share certificate Dfls. 0.75 will be payable on coupon number 24 and Dfls. 1.4 on coupon number 25, this being the final dividend. Dividend tax is to be deducted at the rate of 25%. Shareholders and holders of Ordinary share certificates who wish to receive the dividend in Ordinary shares or Ordinary share certificates on coupons number 28 of their securities will receive one new Ordinary share or Ordinary share certificate of Dfls. 20. nominal value against delivery of every 30 coupons numbered 25 of Ordinary shares or Ordinary share certificates up to and including 31st October 1978. The new shares and share certificates will participate fully in the profits declared for 1978 and subsequent years.

In order to obtain new securities representing 3% of the Ordinary shares with coupons numbered 26 and succeeding numbers attached, the requisite number of coupons numbered 25 of Ordinary shares must be deposited at the head offices of above-named banks not later than 31st October 1978. The coupons must be accompanied by a statement giving full name, including forenames and addresses, etc.

In order to obtain new certificates of 1, 5 or 50 Ordinary shares with coupons numbered 26 and succeeding numbers attached the requisite number of coupons numbered 25 of share certificates and/or Ordinary shares must be deposited at N.V. Administratiekantoor Christiaan Huygens, Keizersgracht 558, Amsterdam, not later than 31st October 1978. Coupons numbered 25 must be deposited with the name of the deliverer endorsed on the back and accompanied by an advice in duplicate. If desired, the new certificates (BDRs), each representing a fully-paid Ordinary share, will be available by way of Bearer Depository Receipts (BDRs), each representing a fully-paid Ordinary share. In order to obtain the conversion of coupons numbered 25 into order that the conversion of coupons numbered 25 may be made free of commission to the holder, holders of BDRs will receive their dividend in cash or in Ordinary share certificates through the intermediary of the institutions where the coupon sheets of their share certificates were deposited on the 2nd June 1978 at the office's closing time.

After the 31st October 1978 the final dividend will be payable only in cash.

In order to obtain new coupon sheets with coupon no. 26 and succeeding numbers attached, the talons of the K-certificates must be deposited at N.V. Administratiekantoor Christiaan Huygens, Keizersgracht 558, Amsterdam, with the name of the deliverer endorsed on the back.

In order that the members of the Vereniging voor de Effectenhandel may execute the conversion free of commission to their clients, a payment of Dfls. 0.55 + V.A.T. will be made for each new coupon sheet.

The Hague, 5th June, 1978 Amsterdam, 5th June, 1978  
Churchillplein 1 Keizersgracht 558  
ENNIA N.V



## Lec Refrigeration

Points from the Accounts and Statement by the Chairman, Mr. C. R. Purley.

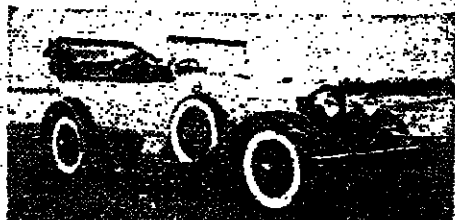
- ★ Turnover up by 20.3% to a new record of £26.7 million, exports up to £7.7 million from £4.9 million.
- ★ Pre-tax profit of £1,644,489 (1976 - £1,769,155) satisfactory in a difficult trading year. Total dividend for year 3.9306p, maximum permitted.
- ★ Sales for first quarter of 1978 show an increase of 13%, hopeful of another successful year.

SHRIPNEY WORKS, BOGNOR REGIS  
WEST SUSSEX

## MOTOR CARS

### VINTAGE CAR AUCTION

ALEXANDRA PALACE, FRIDAY JUNE 9th



This magnificent 1924 Brewster Salamanca is one of two mint Silver Ghosts entered; also 1925 Supercharged Mercedes, two vintage Bentleys, Type 44 Bugatti, Alvises, Lagondas, Austons, Austins, Sunbeams, etc.

Further entries invited. Catalogues £1.50

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14, BROADWAY, S.W.1 Enquiries 01-434 9225

## Western Australia borrowing targets

By Michael Blanden

WESTERN AUSTRALIA expects to borrow up to A\$100m (US\$112m) a year, rising to perhaps A\$500m by about 1990, to support the development of its rich mineral resources.

This was stated in London by Sir Charles Court, premier of Western Australia, as part of his European visit to interest bankers in the State's prospective growth. The move follows the changes which, for the first time, have enabled the individual states of Australia to enter the international markets for funds, rather than relying on the Commonwealth to provide finance.

Sir Charles underlined the potential of Western Australia's resources, including coal, iron ore, offshore gas and possibly oil, aluminium and uranium.

He described a number of infrastructure projects planned by the State, including a A\$400 gas pipeline.

**Ennia margins improve again**  
By Charles Batchelor  
AMSTERDAM, June 4.

ENNIA, the Dutch insurance group, said gross receipts rose by nearly 14 per cent in the first three months of 1978 while expenses rose by only 6 per cent.

The board maintains its earlier view that profits per share will rise somewhat this year despite an increase in share capital.

Net profit rose 20 per cent in 1977 to F142.9m (\$19m) on gross receipts 21 per cent higher at F1.185bn (\$820m). Expenses rose by 9 per cent.

## JAPANESE POWER COMPANIES

# Exchange gains boost performance

BY YOKO SHIBATA

TOKYO, June 4.

DESPITE a slump in power consumption reflecting sluggish industrial activity, Japan's nine major electric utilities put up favourable earnings performance in the half year to March.

Exchange gains due to yen appreciation, totalled Y72.24bn (\$325m). Four companies in particular, Tokyo, Tohoku, Chugoku and Hokkaido, posted record current profits. Eight of the companies (Hokkaido being the odd man out) retained Y44.8bn out of exchange gains in special reserve funds.

For the current year ending March 1979, the nine power companies expect combined exchange gains of Y200bn, against the record Y1.4bn of fiscal 1977. In particular, Tokyo Electric expects exchange gains for fiscal 1978 of Y80bn (\$39bn in fiscal 1977). Kansai Electric Y40bn (\$19.2bn) and Chubu Electric at Y33bn (\$16bn). The exchange gains are big enough to cover

large capital investments by the review, household consumption of electricity rose by 5.1 per cent over the previous year, while supplies to major industrial consumers such as steel and textiles declined by 1.7 per cent, leaving overall national electricity consumption just 2.7 per cent higher.

During the half-year under

Combined current profits for the six months rose by 14 per cent to Y291.1bn of which combined exchange gains accounted for 39 per cent. Kansai and Hokuriku Electric suffered setbacks in current profits due to a dry spell which increased their fuel cost burden.

### HALF-YEAR TO END-MARCH, 1978\*

	Operating revenue (Ybn)	rise %	Current profits (Ybn)	rise %	Net profits (Ybn)	rise %	Exchange gains (Ybn)
Hokkaido	107.4	10.0	9.3	12.6	5.4	19.6	nil
Tohoku	271.6	4.0	24.8	25.5	13.2	27.2	4.3
Tokyo	889.9	5.5	78.3	14.7	39.9	34.7	30.0
Chubu	439.0	4.5	40.8	18.4	23.7	40.7	14.0
Hokuriku	101.6	2.6	8.4	(-7.4)	6.3	39.4	2.4
Kansai	531.9	3.6	37.7	(-0.9)	28.2	24.7	17.2
Chugoku	212.4	1.9	17.1	16.5	11.1	43.5	1.2
Shikoku	109.9	4.0	11.1	6.4	5.2	12.6	0.5
Kyushu	265.1	8.5	23.7	38.5	12.6	51.0	2.6

\* Accounting to be changed to annual basis from March 1979 term.

## Rockwell in talks

ROCKWELL INTERNATIONAL CORP. said it entered into preliminary discussions for the possible sale of its aviation division to American Jet Industries. Reuter reports from Pittsburgh.

Rockwell said the discussions related to the Bethany, Okla., operation of the division which makes and sells the Turbo Commander 690B, Commander 700, Commander 1127C, Commander 114 and the Shrike Commander 500 aircraft.

The model 500 Hustler aircraft programme would be moved to the Bethany facility for final development and production, American Jet said.

The companies said they have not yet reached any agreement. No other details were given.

## CANADIAN NEWS

# Profits improve at the banks

BY ROBERT GIBBENS

MONTREAL, June 1.

Canadian Imperial Bank of Commerce, which competes with the Royal Bank for top position in size, has reported earnings of C\$39.2m (US\$35m) for its second quarter against C\$24.9m on revenues of C\$708m against C\$582m.

In the first half ended April 30 earnings were C\$81.6m against C\$58.8m on revenues of C\$1,380m. Figures are after tax but before loss appropriation.

Assets at April 30 were C\$1.9bn against C\$2.8bn a year earlier. The bank said that earnings from domestic operations were improved sharply from depressed levels a year earlier. The improvement also resulted from higher assets and interest mar-

gins. Earnings from international operations also increased despite lower demand for commercial loans and narrowing interest margins.

However a comparable rate of improvement should not be expected in the rest of the year.

THE WESTERN telephone utility, British Columbia Telephone, is making a rights issue on the basis of one new share at C\$14.30 for every five shares held of record June 9. The rights expire on July 6. General Telephone of the U.S., which owns 51 per cent, will subscribe fully for its rights. The issue will bring in nearly C\$4m of new money to meet the utility's capital spending programme.

closed that it plans a rights offering of two new shares at C\$14.25 a share for every nine shares already held. The offer expires July 12, and is designed to bring capital into better balance.

J. Walter Thompson Company was named as the agency for Schlitz beer and Benton and Bowles for Schlitz malt liquor. Leo Burnett Company had been the agency for both brands. Cunningham and Walsh continues as the agency for two other Schlitz products, Schlitz light beer and Old Milwaukee. Our Financial Staff adds: last Wednesday, Schlitz announced that it would start laying off workers at its eight breweries over the next two or three weeks. Marketing observers noted then, had been one of the group's major problems.

## Chisso stock to be de-listed

TOKYO, June 3. CHISSO CORP. shares will be de-listed from Japan's seven stock exchanges from next September or October. It failed to comply with the new stock exchange listing standards effective from March 31, the Tokyo Stock Exchange said.

The standards call for a company to be de-listed if its debts are in excess of equity in the last three-year period and if no dividend is paid for five years, it said.

On Friday, the chemical company reported an after-tax deficit of Y8.84bn (\$39.9m) for the year ended March 31, this year, compared with a deficit of Y4.78bn in the preceding year. Hit by the recession and burdened with compensation to residents in Southern Kyushu suffering from mercury poisoning, Chisso's cumulative deficits rose to Y33.9bn in the year ended March 31 from Y27.6bn in the preceding year with its debts Y37.6bn in excess of equity compared with Y18.8bn in the preceding year, Chisso said.

## Ads switch at Schlitz

JOS. SCHLITZ Brewing Company said it named two new advertising agencies to handle two of its major brands, AP-DJ reports from Milwaukee. J. Walter Thompson Company was named as the agency for Schlitz beer and Benton and Bowles for Schlitz malt liquor. Leo Burnett Company had been the agency for both brands. Cunningham and Walsh continues as the agency for two other Schlitz products, Schlitz light beer and Old Milwaukee. Our Financial Staff adds: last Wednesday, Schlitz announced that it would start laying off workers at its eight breweries over the next two or three weeks. Marketing observers noted then, had been one of the group's major problems.

## SLATER, WALKER INTERNATIONAL FINANCE LIMITED

7 1/2% Guaranteed Sterling/Deutsche Mark Bonds Due 1987

NOTICE IS HEREBY GIVEN to bearers of the above Bonds that pursuant to the provisions of paragraph 6(A) of the terms and conditions applicable to and printed on the reverse of such Bonds, Slater, Walker International Finance Limited has elected to exercise its option to redeem, on 30th June, 1978, all such Bonds outstanding at the redemption price of 102 1/2% of the principal amount thereof (namely £112.50 or, in election as provided below, DM 4,254.50 in respect of each Bond), together with the amount of interest accrued in respect of each Bond to the said date.

Payments will be made at the main offices of the Paying Agents in Sterling or, if the bearer shall so elect as provided below, in Deutsche Marks (at the fixed rate of DM 8.40 to £1), upon presentation and surrender of Bonds together with all Coupons in respect thereof maturing after 30th June, 1978. The face value of missing unexpired Coupons will be deducted from the sum due for payment.

Bearers should note that the Principal Paying Agent and the other Paying Agents are now those mentioned below, and that some of these differ from those mentioned on the reverse of the Bonds.

STERLING PAYMENTS will be made in Sterling in London or, at the option of the bearer, by transfer to a Sterling account or by Sterling draft drawn on the Sterling account maintained by the Paying Agent from whom payment is required.

DEUTSCHE MARK PAYMENTS will be made in Deutsche Marks in Frankfurt-am-Main or, at the option of the bearer, by transfer to a Deutsche Mark account or by Deutsche Mark draft drawn on the Deutsche Mark account maintained by the Paying Agent from whom payment is required.

TO OBTAIN PAYMENT IN DEUTSCHE MARKS BEARERS MUST DEPOSIT THEIR BONDS AND COUPONS, TOGETHER WITH FORMS OF INSTRUCTION FOR PAYMENT IN DEUTSCHE MARKS (AVAILABLE FROM THE PAYING AGENTS) DULY COMPLETED, WITH THE PAYING AGENT FROM WHOM PAYMENT IS REQUIRED NOT LATER THAN THE CLOSE OF BUSINESS ON 16TH JUNE, 1978, FAILING WHICH PAYMENT WILL BE MADE IN STERLING AND BEARERS WILL LOSE THE CONSIDERABLE ADVANTAGE OF THE FIXED RATE OF DM 8.40 to £1.

After 30th June, 1978 interest will cease to accrue on the Bonds.

PRINCIPAL PAYING AGENT

The First National Bank of Chicago

Frankfurt-am-Main

Paris

Brussels

Milan

OTHER PAYING AGENTS

Deutsche Bank Aktiengesellschaft

Frankfurt-am-Main

Kreditbank S.A. Luxembourg

First Chicago International Banking Corporation

New York City

30th May, 1978

Slater, Walker International Finance Limited

## Notice to Shareholders of

# MAGNUM FUND LIMITED

OF A

CASH OFFER

by

COPTHALL (TILBURG) B.V.

To Purchase all the Common Shares of Magnum Fund Limited

Copthall (Tilburg) B.V. is offering to purchase in cash in United States funds, any and all of the common shares of Magnum Fund Limited ("Magnum"), at a price per common share equal to 90% of the net asset value per common share on June 28, 1978. The purchase price will be determined jointly by the auditors of Magnum and Price Waterhouse & Co. not later than July 14, 1978 in accordance with the formula set forth in the Offer.

Shareholders desiring to accept the Offer must deposit, before 4.30 p.m. (local time) on July 5, 1978, both (i) certificates or bearer share warrants representing the shares of Magnum deposited pursuant to the Offer, and (ii) a duly completed Acceptance Letter accompanied by any necessary evidence of authority to act, with either of the following:

NATIONAL TRUST COMPANY, LIMITED

21, King Street East, Toronto, Canada, M5C 1B3

Attention: Stock Transfer Department (Telephone: 416-364-4141)

BANQUE OCCIDENTALE pour l'Industrie et le Commerce

65-68, Leadenhall Street, London, England EC3A 2BA

(Telephone: 01-491 3791)

A shareholder may also deposit his shares of Magnum as aforesaid with a bank or other financial institution provided one of the companies listed above is notified of the deposit before 4.30 p.m. (local time) on July 5, 1978 and such bank or financial institution holds and deals with such shares in accordance with any instructions received from the company so notified.

The Offer of Copthall (Tilburg) B.V. is subject to additional terms and provisions specified therein. Copies of the Offer, the Take-Over Bid Circular with respect thereto and of the Acceptance Letter which must accompany share certificates and bearer share warrants deposited pursuant to the Offer, may be obtained at either of the above addresses.

COPTHALL (TILBURG) B.V.

Per: Joseph Schuldenfrei

General Manager

June 5, 1978

# SKF

## Annual General Meeting

The annual general meeting of A/B SKF was held in Göteborg, Sweden, on May 31. The annual report to shareholders on the year's results showed that while the steel sector continued to make losses largely due to high production costs in Sweden, the rolling bearing business maintained its profit levels compared to the previous year.

Increases in productivity to meet inflationary costs had been greater than increases in market demand and stocks had continued to grow, reaching nearly 5,300 million kronor at the end of 1977.

The Group's income statement as previously published and the consolidated balance sheet were adopted. An unchanged dividend of 4.50 kronor per share was approved.

### Extracts from the year's results 1977 1976

(000,000 Swedish kronor)	1977	1976
Net sales	8,004	6,981
Operating income after depreciation	430	457*
Income before provisions and taxes	327	133*
Capital expenditure	757	671
Research and development	118	108

\* Restated in accordance with the new Group accounting principles adopted in 1977 to conform with new Swedish company law and international practice.

## Product areas

Operationally, the Group is now restructured into two bearing divisions, a steel division, cutting tool division, Liddköping machine tools, and SKF Industries (USA).

Broad product areas are classified as rolling bearings and associated products, special steel, cutting tools, and "other products".

The European Bearing Division comprises the main manufacturing/marketing companies in W. Germany, Italy, France, Sweden and the UK, and includes the sales organization of majority-held companies marketing SKF products in other European countries and to Comecon.

The Overseas Bearing Division is made up of SKF sales and manufacturing companies outside Europe and USA, and includes operations with associated bearing companies.

The Steel Division (SKF Steel) has been restructured with a number of product sub-divisions which apart from special steel manufacture like strip, wire, ring, and tube, also include finished products such as pressurized oil couplings.

Sales outside the Group account for more than half division turnover which includes

strip, springs and saw blades made in West Germany under the Eberle brand. Sales in 1977 rose 9.6% to 1,230 million kronor.

Cutting Tool Division operations mainly involve high-speed-steel tools from the subsidiary SKF Tools and Dormer Tools groups. Twist drills of both brands account for the major share of division turnover which includes, taps, dies and milling cutters. Sales rose 18.9% to 365 million kronor in 1977.

Other products, many of which have been a spin-off from bearing operations, have more than doubled in turnover during the past four years and accounted for 820 million kronor in 1977.

Textile machinery components, machine tools, fastening systems (e.g. circlips), sealing products, ball and roller screws as well as airframe and automotive components are major product groups contributing to turnover in this area.

### Share of Group sales-1977

	Mkr	%
Rolling bearings	6,265	72.2
Special steel	1,230	14.2
Cutting tools	365	4.2
Other products	820	9.4

Figures include internal sales between product areas

## 1978 activities

Group sales rose some 17% to 2,239 million kronor (1,915 in 1977) in the first three months of 1978.

Rolling bearing sales increased by 20.8%, steel sales by 14.6%, cutting tools by 27.8%, and other products 15.5%.

Operating income before depreciation was 208 million kronor (207). Income before exchange differences, extraordinary items and taxes dropped to 14 million (40) largely due to increased financial expenses. Signs of improvement were noted in the steel sector although losses were made in the first months of the year.

Group capital expenditure during the first quarter-year was 80 million kronor (148).

Speaking at the annual general meeting, Group Chief Executive Lennart Johansson confirmed the annual report forecast of improved results in 1978, but added that the profit increase may not be as great as originally assumed. Despite the subdued result of the first three months, the increases being shown in sales indicated a profit upturn later in the year.

SKF Group Headquarters  
S-415 50 Göteborg, Sweden



The 1979 Financial Times diary shows a number of improvements over the 1978 Financial Times diary.

Firstly, design.

We commissioned James Shurmer, who has produced work for the National Gallery, to completely revise the interior styling.

He provided us with a nicely understated thin-line treatment of the main diary, together with a matching design for the information sections.

Secondly, it occurred to us that there were insufficient months in the year.

Hence the 1979 FT diary starts on November 27th, 1978, and finishes on February 3rd, 1980.

So you can slip into 1979 whenever it suits you.

We've also extended the business information section. It gives a comprehensive list of useful information sources in thirty countries of the world.

You can trace anything from a Belgian consumers' association to a Polish translation agency.

On the subject of translation, the diary also contains a French and German business vocabulary covering everything from 'cash' to 'collateral'.

It could help make letters from abroad a lot easier to understand.

Next, we thought we'd put an end to writer's cramp.

To save you having to copy out hundreds of addresses and telephone numbers at the end of each year, we've incorporated a detachable address booklet.

Now, on the assumption that you do a fair bit of travelling, we've listed the passport, visa and vaccination requirements of all major countries, along with world time-zones and air-travel distances. There is also a superb 48-page colour atlas.

Statistics, we thought, were vital.

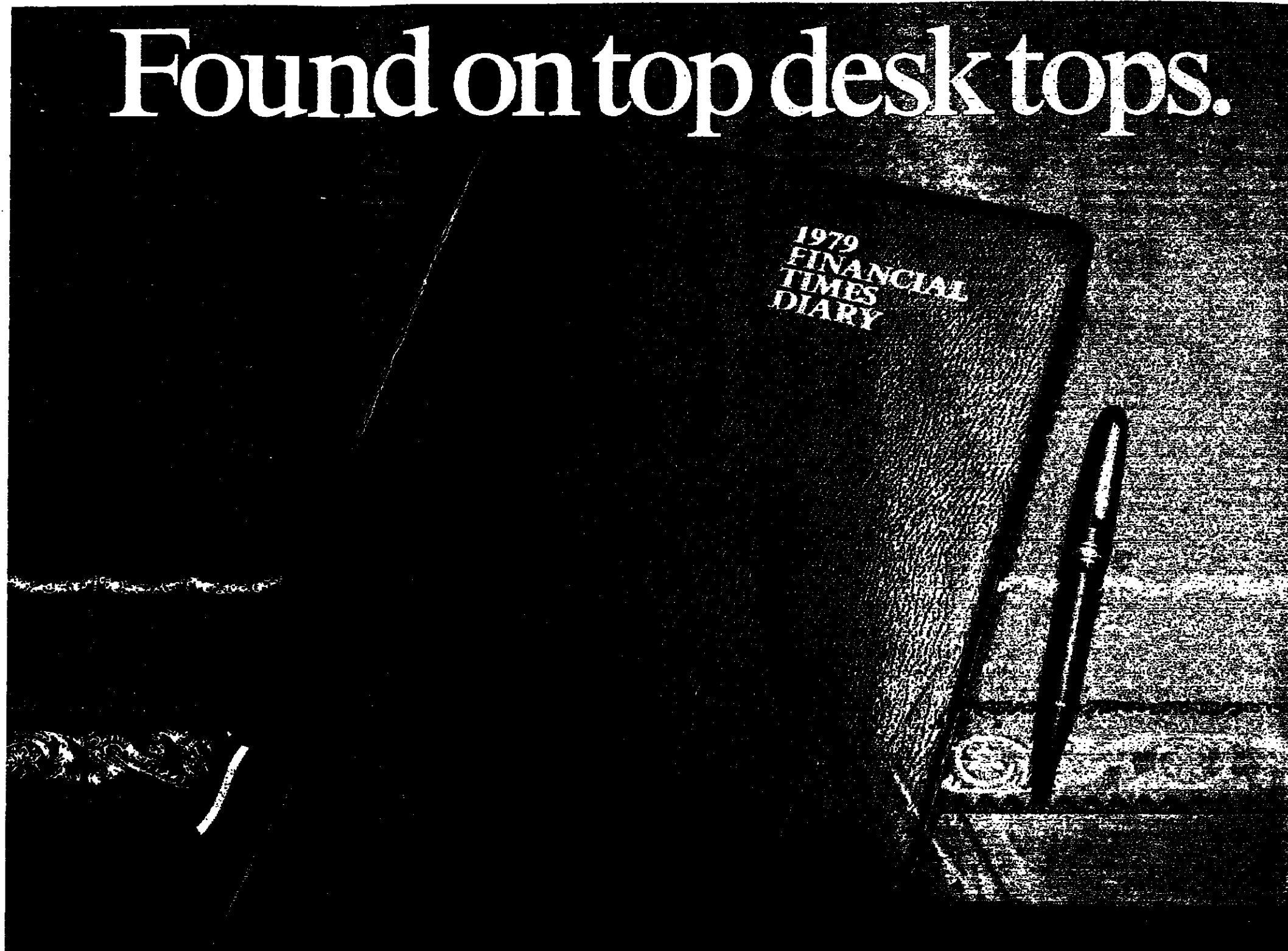
In the 1979 FT diary you'll find an 18 page section containing analysis charts, monthly expense sheets, weights and measures, metric conversion tables, both metric and imperial graphs, and international clothing sizes.

Finally, we decided that no-one wants a marker-ribbon that falls to bits, so we've attached a non-fraying marker ribbon.

In addition to the desk diary, there's a slim pocket diary and wallet, in black leather, with strengthened corners and real gold lettering.

It contains a colour map of the City of London, tube and inter-city maps, a list of recommended hotels and restaurants, information on road, rail and air travel in Europe, calendars, world

## Found on top desk tops.



time zones and metric conversion tables.

We've also designed an attractive matching address book.

If required, the desk diary, pocket diary and address book can all be gold-blocked with either your initials or company name and logo.

So you can give either yourself, your staff or your best clients a personalised gift.

Which will add a very nice perspective to any desk top.

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Minster House, Arthur St, London EC4R 9AX. Tel: 01-623 1211.  
Please send me your brochure and order form.

NAME

POSITION

COMPANY

ADDRESS

TELEPHONE

DATE

**FINANCIAL TIMES DIARY.**



## FINANCIAL TIMES SURVEY

Monday June 5 1978

## Word Processing

Although the technical development of word processing equipment is well ahead of demand at the moment, some manufacturers foresee 40 per cent growth in the UK alone this year. Projections of growing demand in Europe and the U.S. suggest that it will become essential office equipment.

THE RELATIVE sluggishness of the market for word processing equipment makes an extraordinary contrast with the rapidity with which the products themselves are developing. Almost every month one of the 30 or more companies which are currently marketing word processing equipment announces a new product or system.

A complete new vocabulary has grown up to describe the technology of automatic typing and computer-aided text editing, which is still far in advance of what still happens in most offices.

While the experts are discussing the competing merits of daisy wheel and ink jet printers or video display units (VDUs) versus "thin window" plasma display, it is sobering to remember that almost half the typewriters in use in the UK today have not yet been converted from manual to electric and that only about 2 per cent of typewriters sold have any sort of electronic memory.

## Challenge

The general slowness to automate the production of letters and documents does, however, represent a challenge and an opportunity for manufacturers, as the large sums spent on research and development clearly show.

It now appears that after a sustained campaign for the wider acceptance of word processing, manufacturers are beginning to see their efforts rewarded.

Olivetti, for example, is predicting a growth of 50 per cent to 40 per cent in the UK market this year, admittedly from a fairly small base. More cautious estimates, however, put current growth at 15 per cent to 20 per cent. Although market estimates vary, it is generally agreed that about 7,000 word processing systems are now installed in the UK and that sales this year will be between 2,000 and 3,000 units. However, because of the very rapid advance of equipment it is now somewhat difficult to define what word processors essentially are.

The general definition adopted for this Survey follows the precedent of IBM in 1964 when the phrase was coined to describe all automatic equipment used to help the preparation of documents from conception, through the dictation stage to the printing of the final draft.

From the office manager's point of view this definition is helpful because it focuses attention on the competing claims for investment from different types of equipment aimed to increase office efficiency. For example, in some offices sophisticated dictation equipment may be a better buy than automatic typewriters or it may be evident that both are needed.

The use of the term "word processing" is, however, generally becoming narrower so that it refers only to computer-like equipment which handles, stores and prints out text. These more sophisticated products, in fact, have a different technology from the simple automatic type-

writers developed from machines first marketed in 1914. These earliest machines were typewriters driven by punched tape rather in the manner of the pianola, to produce standard letters. This principle was developed in the mid 1960s so that typewriters could be driven from text stored on magnetic

piece of silicon and reduced to the size of a postage stamp). dense semiconductor memories and other products of the microelectronics revolution.

This process of the refinement and adaptation of computer-like equipment for a mass office market is still in full swing. The most sophisticated typing

to be used for storing or editing documents which originated in a different office altogether, or on an ordinary typewriter.

The more complicated systems, are, however, relatively expensive, ranging from £6,000 to more than £10,000. It is likely therefore that the word processing market will split in

movement in this direction; then, as microprocessors and solid state memories continue to fall in price, the addition of memory capacity will become relatively standard among the better class of typewriter. It is entirely possible that mass production will enable the price of automatic typewriters to be

reached, it would be very difficult to predict any limit to the growth that would be possible.

Within Europe, the main markets are France, Germany and the UK of which Germany is the largest, probably because the high wages paid to secretaries make word processing equipment a more obviously economic proposition there.

The current number of word processors installed in Europe is estimated at around 100,000 units compared with perhaps 350,000 to 400,000 units in the U.S. where the word processor population is expected to double by 1981.

If the market in Europe is to follow the American pattern, two conditions will have to be fulfilled. First managers will have to be convinced of the cost benefits and the increases of efficiency possible in their particular offices. But equally, secretaries themselves will have to have a positive attitude towards the new machines. This will be particularly important in Europe where unions, and particularly public sector unions which are more powerful than in the U.S.

On the question of efficiency a large number of separate studies have been undertaken, but it is difficult to generalise the results, because the gains in different applications vary so widely.

For applications like mail order, where large numbers of repetitive standard letters are produced, improvements in efficiency of perhaps four or five times have been claimed. However, for a more general office most modern offices

with a mixture of short non-standard letters, lengthy documents and pro formas, it seems that the improvement could be between 100 and 150 per cent.

The improved efficiency will clearly depend partly on the extent to which the equipment is liked by the secretaries, and in this area, the industry is still in the testing and proving stage. It appears generally agreed that typists like the simpler form of word processor because it relieves them of tedious retying and makes error correction much easier.

## Resistance

However, some of the newer configurations with television-type displays have met with resistance as they can produce eye strain. One of the problems is that keyboards attached to display units often do not allow adjustments to be made to accommodate operators with different physical characteristics. These problems are now being tackled by most of the major manufacturers, but it seems likely that a settling down period will be required before the best configuration becomes generally agreed in the industry.

Generally, however, the reactions of those who have installed word processing equipment seem to be favourable, and since the idea has many of the merits of that other labour saving device, the plain paper copier, there seems little reason why word processors should not be accepted in a similar way as an essential part of ever, for a more general office most modern offices

## Tomorrow's equipment

By Max Wilkinson

equipment is already beginning to look very like a computer terminal, with television-like screen, fully electronic keyboard, sometimes separated from the screen, magnetic disc units, and a separate printer, often in a different part of the office.

The improvement of automatic typewriters converged, however, with developments in a very different field, the manipulation of figures in computers. It was quickly realised that the techniques used for data processing could be applied to automatic typing to produce "word processing."

The full application of computer techniques to the secretarial task became possible only recently with the development of the microprocessor (a computer etched on a simple

equipment is already beginning to look very like a computer terminal, with television-like screen, fully electronic keyboard, sometimes separated from the screen, magnetic disc units, and a separate printer, often in a different part of the office.

Such systems not only look like computer terminals, they are beginning to behave like them as they are given extra capabilities to interrogate central computer files or to communicate directly with other word processors in the manner of a teleprinter. Word processors are also being developed by, for example Philips, which have ability to read text prepared on another machine. This "optical character recognition" (OCR) allows a word processor

the next few years into two distinct sections which roughly correspond to the historic division already mentioned. The more expensive computer-like range of products including systems in which several work stations are wired up to a shared processor and printer, will be aimed at the larger offices and typing pools with a high volume of work.

The other section of the market is likely to be the development of fairly simple automatic typewriters with a limited memory for mass use. The first step will be to replace most of the moving parts of electric typewriters by electronic circuits. The golf ball type of machine which has a figure of some 670n, shows that a basket of type levers is the first

lowered so far that they can be sold to the domestic consumer. In the next few years, however, much of the manufacturers' efforts will be spent on persuading businesses and government departments of the substantial economies which can be achieved through the use of word processing.

Mackintosh Consultants estimate that in Europe as a whole the total market for automatic typewriters will increase from about \$60m in 1976 to about \$131m by 1981. However, by the mid-1980s most people in the industry believe the market could increase very rapidly indeed. Comparison with the plain paper copier market, which has grown in little more than a decade to a worldwide figure of some 670n, shows that once a take off point has been

## OLIVETTI'S WORK PROCESSOR: THE ADMIN SHRINKER

When you need a word processor, Olivetti's TSP 501 is the only system of its kind with the unique Olivetti red laser display for word editing and amendment.

## Plasma Display

More than, you can use TSP 501 as a sophisticated text editing system.

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As well as displaying a line by line record of words entered, the display also guides the operator.

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When all your entries are complete, TSP 501 gets to work as a high speed automatic writer.

The quiet, compact printer types 350 or 500 clear type words per minute, with the quick change daisy wheel giving a wide choice of type styles, pitches, and spacing.

Unlike some systems, Olivetti's TSP 501 can print either single sheets or continuous forms. Automatically and without supervision.

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TSP 501 is also an impressive filing system. The double disk unit gives a powerful memory for all the tasks you want to tackle.

With a routine on each floppy disk of up to one hundred pages, and a random access time of less than one second, TSP 501 will search for and supply typed copies of all your previous correspondence.

When you need a word processor, Olivetti's TSP 501 is the only system of its kind with the unique Olivetti red laser display for word editing and amendment.

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Change the floppy disk and you turn TSP 501 into a powerful information storage and retrieval system.

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It's the word processor that you'll want working for you.

## Olivetti TSP 501: The Work Processor

To learn more about Olivetti Ltd. 30 Blandford Square, London W1X 6AA.

Please tick the special features of Olivetti's TSP 501 which interest you.

☐ Simple and easy to use

☐ Powerful information storage and retrieval system

☐ Quiet, compact printer

☐ Quick change daisy wheel

☐ Double disk unit

☐ Random access time of less than one second

☐ Automatic printing of single sheets or continuous forms

☐ Other features

Olivetti



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The problem many people find with word processing systems is that the operator rejects the system. Especially if they're used to automatic typewriters. Wang have put that right.

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PHILIPS

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Designed to cut out all the time wasting activities that go with traditional office methods.

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Now hand the Mini-cassette to an audio-typist. Using a Philips transcription machine, she can then start watching TV.

While she's transcribing your words, they appear on

the Video Display Unit of the Philips WP5001 Word Processor.

By watching the screen, the typist can be correcting, editing, revising and laying out, just by pressing a button—because commitment to paper.

Your typist doesn't need a degree in electronics to do this.

The Philips WP5001 is simple to use and requires only a short training time.

In fact, any competent typist will feel immediately at home.

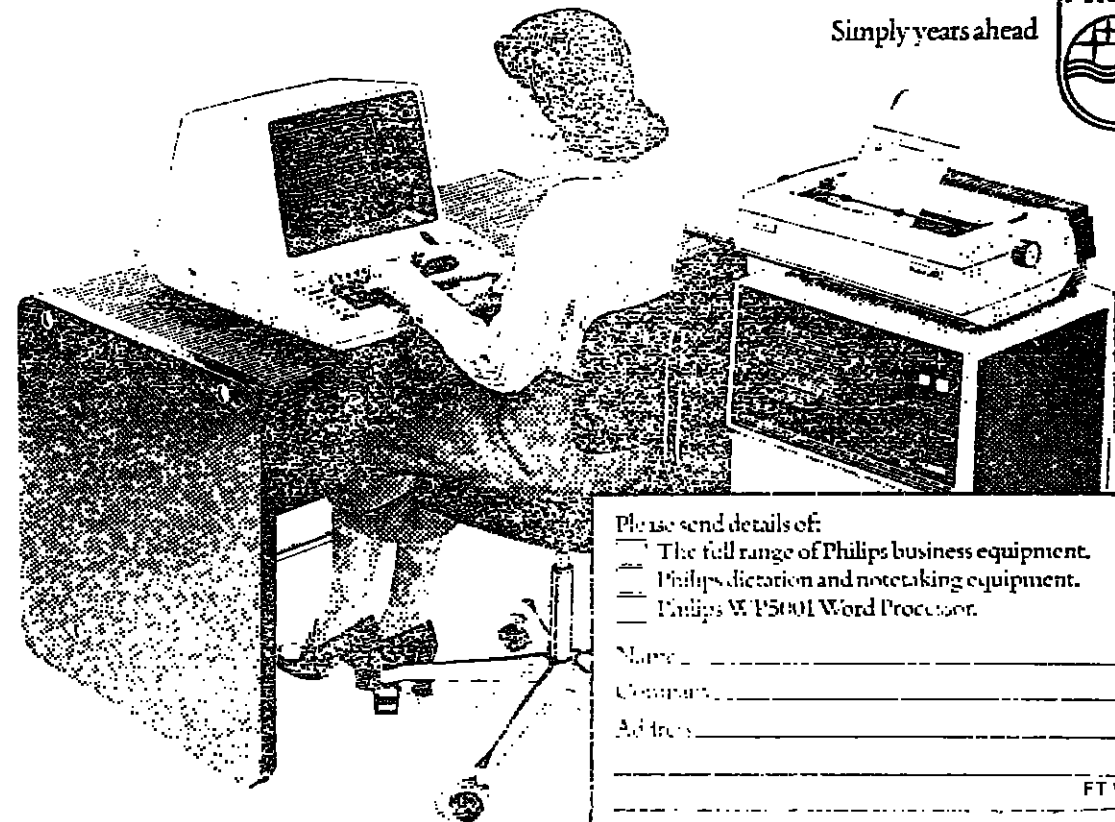
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FT W2

## WORD PROCESSING II

# Systems and their basic elements

AFTER A period in which the most bewildering variety of equipment has been offered on the market under the label of word processing, manufacturers now appear to have reached some sort of consensus about the basic requirements for a system.

These ingredients were described by one of the leading companies as the "three Ds": display units, disc drives and daisy wheel printers. Not everyone would agree that all this equipment is essential for a medium-powered word processing system. However, it does appear from the 30 or more systems now available that these items should be at the least a minimum talking point for potential customers.

Only about three years ago each of these peripheral units would have been considered rather advanced and expensive for inclusion in word processing systems, but it now seems that mass production and the demands of the market will make them increasingly common even in medium-sized offices.

In a sense they are all closely linked for the advance in one technology, like storage, for example, created demands for improvements in other areas. It is convenient, however, to start by considering memory, since this is the essence of any word processing system.

After the pioneering developments of punched paper and later magnetic tape memories, the most widespread system was the magnetic card produced first by International Business Machines (IBM). Each card, about the size of a large postcard can conveniently hold a page of text. It is "posted" into a reader which stands by the typist's desk and is linked to an IBM golf ball typewriter. As the typist operates her machine, each key-stroke is recorded electronically on the card as well as on the paper. Errors can be rapidly corrected by overtyping and the card can be used to play back directly into the typewriter producing a new copy at speed.

Until recently, disc drives were considerably more expensive than tape decks, but the difference in manufacturing costs has been rapidly narrowing and, for bulk purchases at least, it is soon likely to disappear.

Disc units are therefore being provided with most of the better machines, and it is likely that they will become accepted as standard before long. The superior capabilities of discs need to be matched by a processing power which can organise the material on the magnetic file, retrieve exactly the right sections needed for printing, and edit or re-organise a document if an insertion or deletion is made after the first draft. In some applications a mini-computer is used for this purpose, but increasingly the micro-computer etched on a single chip of silicon is taking over. Disc based systems are capable, in addition to normal text processing, of being used flexibly to synthesise letters from a large number of standard pre-recorded paragraphs.

The One large mail order house, for example, has a system by which customers' letters are put already been highly developed together by a clerk who simply for audio and hi-fi equipment writes down a series of figures and cassette tapes are widely each of which refers to a standard pre-recorded paragraph in recorders allow the typists to the disc file. After each figure store quite lengthy documents the clerk writes any particular on a single tape, and in some information which should be systems, two cassette decks are inserted into that particular

paragraph, like amount of money, date, or name. The operator then merely has to press a keystroke to indicate the standard paragraph, and then type in the particular detail. The computer automatically inserts the extra details in the correct places and types out a letter neatly.

As "smarter" processors are added to powerful memory stores, a need is created for the operator to have some form of "window" into the electronic storage, so that she can see what is being written or recalled from the memory without frequent recourse to a print-out. The most common way of achieving this is a visual display unit, which is a modified black and white television screen. A full page display will hold about 6,000 characters. And although costs have been falling, such displays are still likely to cost between £1,200 and £3,000 depending on the size of screen and the facilities offered.

Various methods are used to allow the document to be scrolled from right to left or from top to bottom to allow the operator to read work of any length or size. Such a screen has the great advantage that a typist can make an immediate correction to a word or paragraph or change the layout while the work is still in the completely "fluid" electronic state.

A cheaper and neater, but less flexible alternative to a full display is the thin window or "plasma" display which shows one or more lines of type in a form similar to that of a calculator window. The main developments to be expected in the next few years are continued reductions in costs with a parallel improvement in the quality of displays. Full page displays are still very expensive compared with a black and white television set which costs only about £80 and is made up from very similar components.

Indeed, the Post Office's Viewdata system has shown that a modified domestic television set can be quite adequate for use as an occasional display. However, the quality required by typists who must watch the screen all day long is somewhat more demanding. In the longer term completely flat screens using liquid crystals will probably become available, but it is unlikely they will have significant place in the market place for at least the next few years.

Probably one of the main uncertainties about the word processing market is the extent to which the high cost of fast printers and other "peripherals" will dictate a move towards shared logic systems. Some people argue that the creation of more typing pools would be undesirable and that the future therefore lies with stand-alone systems possibly linked through the office's internal telephone system. Companies may wish to concentrate on the creation of a pleasant working environment for clerical staff even at the expense of some possible gains in efficiency. They may either see word processors as a way of reducing staff, or in some cases, of simply making life easier for them.

Max Wilkinson

## Obvious

It soon became obvious that high-speed printers and processors, linked possibly to a computer data storage, could support more than one typist. Several so-called shared logic systems have been developed, some by companies like Wordplex which specialise in this part of the market. Such systems are best suited to a typing pool where several operators are close together and can therefore conveniently walk to collect work from a printer.

Such systems can also be linked to a main frame computer so that details, like customers' credit ratings and orders can be called up on-the typist's screen and inserted automatically into a letter.

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Max Wilkinson

## Simplicity

This system still has the merit of simplicity and convenience since each card can be attached to a first draft for filing or play-back of passages which do not need to be amended. It is probably still the most widely used and in some applications even has advantages over more sophisticated rivals.

The next stage was to increase the memory capacity by attaching cassette tape recorders to typewriters or printers. The great advantage was that the cassette recorder mechanism has already been highly developed together by a clerk who simply for audio and hi-fi equipment writes down a series of figures and cassette tapes are widely each of which refers to a standard pre-recorded paragraph in recorders allow the typists to the disc file. After each figure store quite lengthy documents the clerk writes any particular on a single tape, and in some information which should be systems, two cassette decks are inserted into that particular

## Speed

Improvements to displays, processors and memory units have in turn created a demand for faster and better printers. The IBM golfball typewriter, still widely used in word processing systems, produces a high quality of print, and is capable of about 15 characters per second. Since this is twice the speed of most typists this machine is quite adequate for word processors used mainly for letters and reports where the most time is taken up with the

# The battle to keep down costs

LABOUR COSTS and how to avoid them, naturally set much of the context within which the future of word processing systems must be viewed. These labour costs are not confined to office staff: it is increasingly the case that the costs of the labour-intensive mail service are providing a spur for electronic office-to-office communication, which in turn depends on at least a rudimentary processing system at each end.

The other two major parameters which will exercise increasing influence on developments are the pressure towards increased efficiency within the offices—a pressure dictated either by competition or by bureaucratic decree; and the technological developments in the products themselves, which will tend to manifest themselves in increased flexibility and relatively—or even absolutely—decreasing costs.

Labour cost considerations, however, appear to take pride of place in the minds of the manufacturers of word processing equipment: it is a safe presumption that they are similarly important to their clients. The manufacturers quote the Government forecasts that office workers in the UK increase at

the rate of 100,000 every three years, of whom one third will be typists. At the same time, typists' wages—partly because of their scarcity value—are increasing both relatively and absolutely. Employers of office labour have thus a built-in, and rapidly increasing incentive for capital expenditure aimed at reducing labour costs.

These are the obvious costs. Less obviously, the rising costs of mail, especially when related to the costs of telecommunications, are beginning to give the manufacturers further sales lines for their clients. Mail costs in this country have been held down, more or less, since 1975: but the two big increases of that year were sufficient to encourage the larger mail users to either (a) put pressure on the Post Office to keep prices down or (b) investigate other media. It is obvious to everyone that the costs of the mail will rise again, possibly sharply: it also seems likely that, while the UK service remains one of the best in the world, it will tend to deteriorate, if for no other reason than that it becomes increasingly difficult to persuade workers in work unremunerated outside hours, unless they are paid substantial amounts of overtime—which, in turn, are countervailing influences which have, in recent years, made such institutions more difficult to define. Between private companies, the competitive pressure classically tends still being less willing to order towards better work practices (though in real life that is not always the case). In Government offices, or in those of local authorities, the government or state industries, this decision factor is in the pressures are classically meant to be in the opposite direction—towards a larger of word processors will tend bureaucracy. However, there to fall, while at the same time

CONTINUED ON NEXT PAGE

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## WORD PROCESSING III

## A secretarial revolution

THE OFFICE workers whose lives are most intimately affected by the introduction of word processors are invariably secretaries and typists.

Managers and professional people may well find that word processing machines enable them to improve their own efficiency and output but beyond this there is no basic change in the content of their jobs or in their career patterns. Secretaries, on the other hand, are likely to find that their working lives are revolutionised by their company's decision to buy automatic typewriters. And as with all revolution not everyone will see the new order as a change for the better.

For a start, some secretaries and typists may find that their jobs have virtually disappeared with the introduction of word processors. Automatic typewriters can perform so many of the routine tasks formerly done by a typist or secretary that individuals may be left sitting idle for hours on end. This is especially true of those organisations which have always been generous with secretarial staffing complements.

Idleness leads to boredom and this in turn is likely to produce a sharp drop in morale—in the past few years survey after survey has shown that one of the main complaints of secretarial staff is that they do not have enough to do. If this dissatisfaction is sufficiently strong it can easily permeate through to other office staff. What is more, even fairly low powered secretaries may find that what little chance they had to use their initiative has been taken away by the word processors. Where a secretary might once have been left to compose the wording of many routine letters—excusing the boss from accepting an invitation, asking for more information, explaining away some minor mishap—describing a company system to a customer—all he or she now has to do is press a button and perhaps insert a few individual details such as dates and amounts of money.

A company facing the problem of disgruntled employees always has the alternative of cutting down secretarial staffing levels. But this has its drawbacks. The best way to do it is clearly through natural wastage, which can take time—unless an organisation is extremely lucky and in the meantime the salary bill remains steady and the degree of discontent rises. Redundancy is the other option but this too can prove expensive in terms of both money and good will. There are few human beings who do not feel resentful at finding that they can be replaced by machines.

Investment in word processors is likely to cause considerable upheaval even in those companies where there is no question of overmanning in the secretarial sector. Here again, one of the chief problems is likely to be boredom despite the fact that there is plenty for the typists



The 3M Series 4,000 word processing system.

to do.

It is estimated that personal secretaries, using conventional equipment, spend only about 25 per cent of their time typing. The rest of the working day is spent on administrative duties—filing, copying, diary maintenance, telephone calls and travel arrangements. There is therefore a strong argument for dividing all secretarial staff into two groups—those who act as administrators and those who are purely responsible for typing. Once this has been done it usually makes sense to have an administrative secretary working for several people rather than for just one boss.

## Incentive

This system can be—and is—operated by companies that do not have word processors. But the introduction of automatic typewriters provides a strong incentive for reorganising in just this fashion. For, having spent a considerable sum of money on purchasing word processors, companies will want to ensure that their use is maximised.

The danger is that those who become correspondence secretaries—even if they have only been members of a typing pool before—are likely to find that what was once comparatively varied work is now little more than concentrated drudgery. The increased use of telephone links for dictating purposes and the reliance on coded replies for many routine matters may also make typists feel cut off from the mainstream of company life: opportunities for personal contact with the people who dictate the letters and reports are bound to become fewer and fewer so that correspondence secretaries can start to feel they

are operating in something of a vacuum.

On the other hand, this type of mechanised typing pool system can offer increased job satisfaction in other ways. As in any traditional typing pool there is the chance to form friendships with the other people working there and to feel part of an all-important team.

In addition to this it has been found that most typists enjoy learning to master the new technology and in the main they do not find it too difficult. Most also take pleasure in the increased volume of work and the greater accuracy that word processors enable them to achieve. Careful staff selection designed to ensure that correspondence secretaries have an aptitude for thoroughness and application but are not perhaps particularly extrovert personalities can further enhance opportunities for job satisfaction.

It is also possible for companies to set up small groups of correspondence secretaries and to place them near the people they are working for. This has the advantage of making the typists feel more in touch with their bosses and it also does away with the stigma that has become attached to the phrase "typing pool." At the same time it can offer greater chances of promotion because more supervisory posts will be needed. Administrative secretaries working for a group of people instead of a single boss may face many of the same problems as correspondence secretaries. They too may find they have less personal contact with the men and women they are working for than formerly: partly as a result of this they may also have fewer opportunities than

before to act as personal assistants and so extend their skills and their career prospects. In addition, some may feel they have a secretarial status—something which is one reason why so many conventional secretaries complain that they do not have enough to do. Minimising the tedium of some small-scale executive is nearly always female—in order to boost their egos. They pre-

tending to be efficient.

But now a growing number of women, particularly those with real ability, are recognising the fruitlessness of becoming an "office wife." This is reflected in the current shortage of secretaries—particularly in London. Those who do take secretarial training are increasingly demanding a real career path and the opportunity to be promoted to an executive position.

Companies will either have to give administrative secretaries a genuine ladder or else employ other women who are not looking for advancement or for any great responsibility. Such women are likely to become more and more difficult to find and in the long term the first option will become the only realistic one for many organisations.

The advent of word processors certainly provides the ideal opportunity for giving secretaries greater responsibility and so enlarging their role. The most able ones can be largely freed from the routine jobs of typing and filing—either as a result of an organisational division of labour or because each unit has her own word processor. And as prices fall, which they are bound to do in the next few years, the latter will become more of an economic possibility than it is at present.

Secretaries will then be at liberty to undertake more rewarding tasks, and some at least will be able to clock up the kind of experience that will fit them for promotion to management posts. The net result could one day be to lure back into secretarial work the appeal that it so evidently lacks at present.

Sue Cameron

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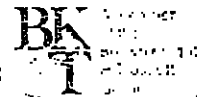
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## Costs

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their sophistication and range of facilities will increase. Thus their attraction to wider sections of the market continues to grow.

The manufacturers tend to agree that the market has, over the past 12-18 months, begun to take off. Most were disappointed by initial response when they began to offer their machines in 1974-75: they blame relative lack of interest on the recession, and on the generally conservative nature of British office management. Now, however, management seems to have got the message.

The major manufacturers competing for their business are (in a generally accepted order of importance) IBM, Rank Xerox and Olivetti, with Kalle Infotech coming in strongly at the lower end of the market. IBM probably dominates, though Rank claims to be near equals.

## Success

Rank says that the market—like Ancient Gaul—can be divided into three parts: the professional, the service industries and manufacturing industries. Initially, Rank has found greatest success in the first: principally because, it says, the head of a professional company—for example, a law firm—is intimately involved in the office work, and can readily grasp the savings a word processor can bring. Again, professional companies often require a great many pro forma letters, the area in which the word processor comes into its own. However, service and manufacturing industries are begin-

ning to show more interest: and it is the larger companies—according to Olivetti—which may present a considerable growth market in the future.

This forecast is based on the estimation that some 80 per cent of mail in large companies is inter-company: memos and other information passed from office to office. For such needs, the word processor can be ideal—because it can communicate with its "fellows."

This machine-to-machine communication—known generically as electronic mail—will possibly be the area of largest growth in the immediate future. Electronic mail is presently being developed by the Post Office, and is the subject of high-level discussion between the Corporation's postal business and the telecommunications business. In its simplest form, electronic mail is the ability for a machine in one office to receive a copy of a letter stored in the memory of another machine in another office, transmitted along a telephone line. Once this form of communication is generally available, then it is obvious that the days of business mail are numbered.

Most of the word processors—such as the IBM System 6, the Rank 850 and the Olivetti 501—can communicate in this way. Olivetti thinks that if the growth in inter-office communications does occur, it will rule out compatibility problems, or at least keep them to a minimum, for the next few years. Businesses will naturally invest in one type of system: compatibility will

only become a problem when there is extensive communication from one business to another.

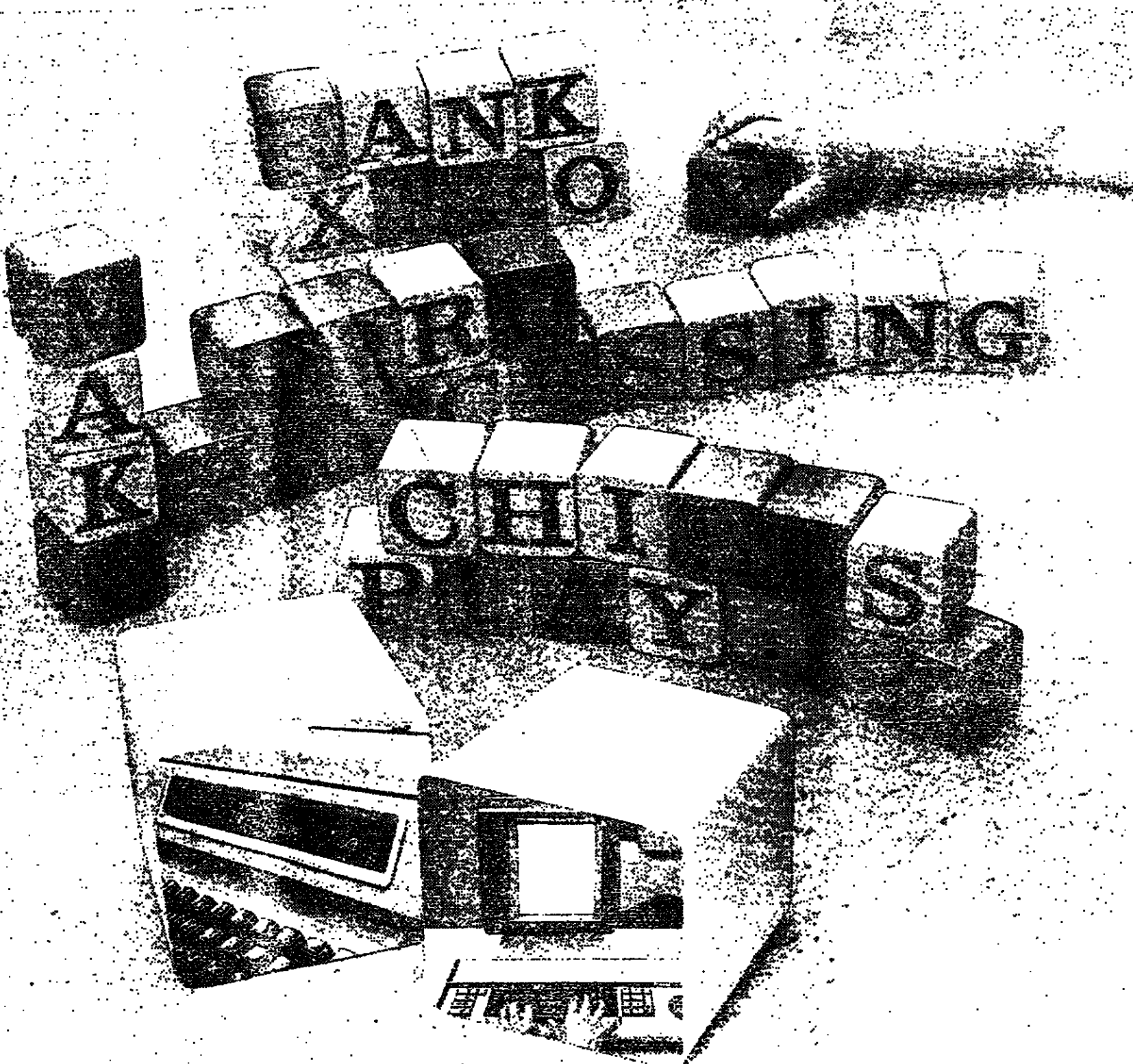
Mackintosh Consultants, in a recent report on the word processing market, sees further developments. There will be a tendency, Mackintosh believes, for data processing and word processing to be increasingly integrated into a single information processing unit. This process, it is thought, will be arrived at by an "evolutionary rather than a revolutionary process."

## Milestone

Looking forward to the "office of the future," Mackintosh says: "The development of an integrated office processing system represents an important milestone in the development of the concept of the all-electronic office. This is by no means the end of the road, however, and further extensions of existing developments can be anticipated. For example, it will not be long before many of the steel filing cabinets found in most offices are replaced by disc files and all office information is stored electronically in the computer. Such a system will provide both very rapid access to the information and improved accessibility from remote locations."

After that electronic speech recognition (the transcription of speech) will be the order of the day. But we have a long way to go before that.

John Lloyd



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## WORD PROCESSING IV

## Smaller companies make their mark

CONSIDERING THAT word processors are a relatively sophisticated product in a small market dominated by International Business Machines with its \$18bn turnover, it is remarkable that so many small companies are in the field.

More than 30 companies are currently offering their systems on the market, and they range from the very large multinationals like IBM and Philips to very small assemblers of systems. The entry of so many smaller companies is no doubt a consequence of the fact that word processors are an immature product which have grown out of fast-changing computer and component technologies.

The development of mini-computers and their associated systems companies has shown that small organisations often have the flexibility to introduce new ideas faster than their more powerful rivals. The small company can buy in highly developed components and peripherals like printers and display units and therefore ride on the very crest of technological developments.

Larger companies tend to be inherently slower, partly because of the complexities of their own structure, partly because they like to do much

of the development work on components themselves and partly because they do not wish to make their own products obsolete too quickly.

However, there are now signs that the technology is beginning to stabilise and two basically separate groups of product are emerging: the cheaper "powered typewriter" with a limited memory, and the more expensive word processing systems using display units, printers and magnetic disc or tape storage, probably with communication and other facilities.

Although product development will still be important for some years, the emphasis is likely to change towards marketing, price competition and service networks, all aspects in which large companies have a natural advantage.

Pressure on the smaller companies will also be increased by the decision of several multinationals to move into word processing to challenge IBM. The most notable of these challengers are Philips and Xerox (Rank Xerox in the UK) with Olivetti and Adler making strong bids for the market from their secure positions as typewriter and small office computer suppliers.

Since many of the products are not all that different, the larger companies will base their marketing strategies on reassuring customers about three main points.

The first is upward compatibility, by which they mean that each product is part of a family which has as many common features as possible. Thus customers will be told that even if technology changes, files stored on one magnetic medium will be able to be transferred to a new system or used on a later generation of machines.

The second emphasis will be on service support, particularly by companies which already have an established network for servicing office products. Rank Xerox, for example, with its dominance of the office copier market hopes to capitalise on its reputation for service.

## Predictions

The third main selling point for the larger companies will be the argument of security. As one multinational put it: "If somebody buys from us he can be pretty sure that we will be around in ten years' time. You can't say that of some of our competitors."

On the other hand, predictions that the industry will

see a shake-out have been made repeatedly for several years, but far from contracting, the number of companies entering the word processing market appears to increase every year. Indeed, some relatively small companies like the UK-owned Dataplex appear to have been quite successful in carving out a niche on the market for themselves.

Because of the undeveloped state of the UK market, it is hard to be sure of market shares beyond the fact that IBM is the leader by a long way with an estimated half share of the installed base. Claims for second place have been made this year on behalf of Rank Xerox, Kalle Infotec and Olivetti. The picture looks somewhat different depending on which sections of the market are included and whether installed base or new placements are considered more important.

One reason for the widespread interest by office equipment and electronic companies in word processing is that growth in the early-1980s is generally expected to be fast, perhaps even spectacular. Even up to 1979, Macintosh Consultants is predicting an annual growth in the UK of 22 per cent in the installed base

in value terms. In Europe as a whole, brokers Scott Giff Hancock and Co. suggest annual revenues from word processing could reach £250m by 1980, of which they believe Rank Xerox should be able to secure a share of about 20 per cent.

One of the difficulties facing a potential buyer is that although the companies selling word processors are very diverse, the products often bear a marked similarity to each other.

Until recently, for example, the majority of systems were based on an IBM selective type-writer. Though now there is a general move towards daisy-wheel printers for the more up-market systems, these are mostly obtained either from Qume or Diablo. Furthermore, an increasing emphasis on upward compatibility with computer systems has led manufacturers to design systems which can hook up with an IBM processor.

In spite of these similarities of the different makes of machines, there has so far been little evidence of intensive price competition. Most manufacturers have been content to fall in behind IBM and accept that relatively high margins are needed in the initial phase.

This fact probably accounts for the continued presence of so many companies in the field.

However, as component costs continue to fall and a mass market begins to develop, a general sharpening of competition can be expected. The Butler Cox Foundation predicts a reduction of 50 per cent to 60 per cent of the real costs of word processors in the next five years, though it says: "In practice such a large drop will probably not be apparent because the capacity of the device will be simultaneously enhanced."

It is possible, however, that increasing price competition, perhaps emanating from Japanese companies like Ricoh, could put severe pressure on some of the smaller companies in the field.

Butler Cox says: "We expect IBM to dominate the market and to influence its development as it has in data processing and indeed in automatic typewriters."

"The market is likely to stabilise within about five years, with a drop in the number of suppliers. Users will be particularly concerned to acquire equipment from viable suppliers and they will be determined to ensure that it is cost effective. Their caution will act as a brake on market expansion, though the main determinant will be the availability of funds for investment. This will favour rented or leased equipment."

M.W.

## The pace of dictation

MOST EXECUTIVES would undoubtedly agree that a good secretary is worth her weight in gold. Whatever the state of the economy Britain's 3m secretaries and typists remain very much in demand, according to successive office surveys. Yet many companies have been slow to regard secretaries as an important part of the management team and make the fullest use of her capabilities. For the expenditure of only a fraction of a secretary's salary and overheads, the addition of sophisticated office equipment can substantially improve office productivity.

One of the main pieces of equipment that can be used in this way is dictation machines. These can ensure that the fullest use is made of a secretary's time: surveys show that using

a dictating machine can produce letters several times as fast as by conventional dictating techniques.

Yet given such benefits, the dictation equipment market has been one of the last to come out of the slump in the overall office equipment sector. Now the major manufacturers of dictation equipment are looking to substantial sales growth to make up for lost time.

Dictation systems fall into three categories, depending on where it is done and how much is required. These categories are: outside the office, heavy in-office dictation, and moderate to light in-house dictation.

Portable units are well-suited for dictation performed away from the office. Desk-top machines are better for executives who do a substantial

amount of dictation at their desks. Centralised systems are designed for offices in which there are a number of people who use the equipment infrequently and has a group of typists, usually in a word processing centre, to transcribe the tapes.

Centralised dictation systems are not recommended for high-use by one person because such volume ties up the machine for a longer length of time than a normal word processing cycle would allow and still maintain an efficient turnaround time for all of the principal users involved. Centralised systems can also be used from locations outside the office. Executives can phone in and be connected directly to the system from the company's internal telephone system.

Most office dictation, however, is performed on stationary desk-top machines. For the manager who produces a substantial amount of correspondence, the desk-top dictation units sold nowadays offer a wide variety of input features. These allow users virtually unlimited review and instruction control over their dictation.

The Business Equipment Division of the Dutch multinational Philips Industries, has just launched in the UK a new range of desk-top dictation machines designed to use its newly developed "mark and find" mini-cassettes. One of the basic problems of dictation systems is that of knowing what is on the tape before the secretary starts to transcribe it. But with the new Philips system, secretaries will be able to find any special instructions and identify the beginning and end of letters.

Philips claim the system is technically far in advance of any other system on the market. The system is based on a special material called Parilene Oriented Paper (POP) which, used for one person only, to like so many other technological

developments, was a by-product of the U.S. space programme. This special strip of paper runs on both sides of the cassette along the top edge. The paper exhibits the characteristic of changing colour from green to black when touched with a magnet. If the magnet is small enough, say a stylus, then the change of colour appears as a black dot.

## Instructions

The POP strip is graduated to coincide with the 15 minutes of recording time on each side of the cassette. It is also divided into an upper section for recording an end of letter mark, or dot. This clearly shows where the end of letter is and according to the number of dots along its surface, also gives an immediate visual reference of how many letters are on that side of the cassette and length of these letters. The POP strip also has a lower section for indicating where special instructions, if any, appear on the tape. These also appear as black dots, but in the lower section.

A further significant advantage is that the POP indexing strip, because it is integral with each cassette, can no longer be lost.

Philips new system is called the 300 Series. The 302 is a general purpose dictation/transcription machine. The 303 is a de-luxe automatic machine and the 304, a new departure for Philips, is a transcription machine especially for the secretary.

IBM's main dictation system being marketed in the UK is the 6.5 cartridge dictation system, which can be used in a number of ways in the office according to specific needs. The system can be built up from the basic special material called Parilene Oriented Paper (POP) which, used for one person only, to like so many other technological

work to link several executives to a recorder. The 6.5 can also provide, over a company's internal telephone system, telephone dictation facilities for an unlimited number of people.

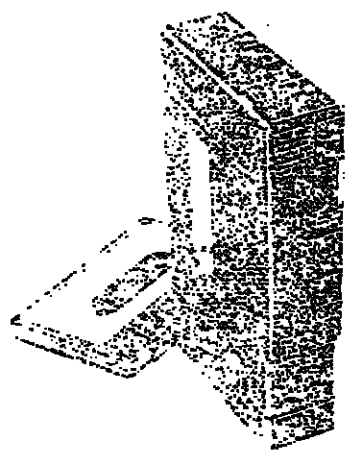
The heart of IBM's system is a cartridge containing 24 hours recording time on 25 magnetic discs. Each disc can record up to six minutes of dictation. Two cartridges—60 discs—can be loaded into the recorder together to provide up to five hours of recording time. These five hours are divided into six minute segments which can be removed individually or in batches for transcription. The system is thus convenient for both the author dictating a long report, whose first page can be typed while he dictates the second, and for the author dictating a short memo. A disc with an urgent memo can be put into a separate cartridge for immediate transcription. The cartridges are supplied in five different colours, for various applications such as priority or confidential work.

One of the features of IBM's dictating equipment is the ease with which you can make corrections or change your mind while you are dictating. This means that no matter how many false starts you may have, or how many times you change a phrase, typists receive error-free dictation.

To help executives make the best use of their dictating machines, IBM also publishes a short booklet which gives a practical guide to the technique of dictating. For example, it suggests that an executive assembles his thoughts before starting to dictate and to make sure that appropriate information is close to hand. "The result will be less time wasted on reviewing and correction and the tape will be easier for your typist to work from," it says.

David Churchill

## Dictaphone. The voice of word processing.



No one has yet improved on the human voice as a means of communication.

For years Dictaphone has led the way in developing systems for gathering and storing the human voice in the most efficient way possible. In a sense, it's

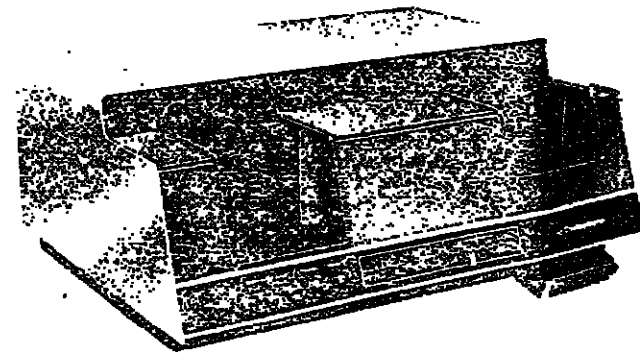
what we've been doing since we invented the wax cylinder dictating machine over 50 years ago. That's why today we're the voice of word processing.

Dictaphone's electronic recording techniques are so advanced we now bring you the world's smallest full-featured standard cassette portable — the Travel Master.

We've developed the world's most advanced desktop dictating system, too — the Thought Master, with a combination of features no other desktop unit can offer.

In central systems, Dictaphone has the new Thought Centre System 591, the most versatile multi-line cassette recorder ever made.

And for automated dictation, Dictaphone offers Thought Tack systems — from System 193 centralised Word Processing Centres to our most recent introduction, the Thought Tank System 183 for small work groups.



Please send me details on Dictaphone Word Processing Systems, Dictaphone Dictation Tack Systems, Dictaphone Dictation Tank Systems, Dictaphone Dictation Centre System 591, Dictaphone Dictation System 183, Dictaphone Dictation System 193, Dictaphone Dictation System 194, Dictaphone Dictation System 195, Dictaphone Dictation System 196, Dictaphone Dictation System 197, Dictaphone Dictation System 198, Dictaphone Dictation System 199, Dictaphone Dictation System 200, Dictaphone Dictation System 201, Dictaphone Dictation System 202, Dictaphone Dictation System 203, Dictaphone Dictation System 204, Dictaphone Dictation System 205, Dictaphone Dictation System 206, Dictaphone Dictation System 207, Dictaphone Dictation System 208, Dictaphone Dictation System 209, Dictaphone Dictation System 210, Dictaphone Dictation System 211, Dictaphone Dictation System 212, Dictaphone Dictation System 213, Dictaphone Dictation System 214, Dictaphone Dictation System 215, Dictaphone Dictation System 216, 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System 761, Dictaphone Dictation System 762, Dictaphone Dictation System 763



# Electronic mail on the horizon

TALKED ABOUT for many years, probably since the birth of facsimile transmission, electronic mail first crossed the threshold between a possibility and a practical solution to an industrial problem some ten years ago when a director of the second largest public relations and advertising agency in the U.S. invented "instant reporting."

Something of a computer genius in his own right, he evolved a method of encoding the account executive's assessment of a client's needs so that a report could be produced quickly and accurately at a terminal, checked for content and spelling — by a central computer in the latter's spare time, and then distributed to branches all over America. A great deal of interest was aroused, both in the Burroughs equipment used by the company and the text-handling procedure.

Since then, with the advent of the "clever" word processor, the speeding-up of facsimile capabilities to a few seconds for an A4 page by Muirhead, and intensive efforts by European and U.S. manufacturers, including IBM, to bring down the cost of a facsimile terminal to a few tens of dollars, true electronic mail systems have been brought very much closer.

Already services are being offered in the U.S. which come very close to the present definition of this method of information transfer. Competing with the U.S. Post Office — which has frequently been warned by Congressional Committees to progress or go under — Western Union Electronic Mail has been set up as a wholly owned subsidiary of Western Union Telegraph Corporation. Its objective is to provide a guaranteed 24-hour mail delivery service. The "Mailgram" network presupposes installation of 1,200 terminals at user sites to speed preparation of messages, cutting the cost of traditional mail preparation and speeding up its transmission enormously compared with what U.S. users are accustomed to. This is

achieved partly through a "clever" terminal by Digi-Log and partly through an array of central processing equipment including Univac and Interdata machines.

Users gain access to the network by dialling a charge-free number. New users are required to set up a data base of standard messages and address lists which are stored centrally. These are identified by five-figure codes so that all the user has to do to set up quite complex texts is to provide the correct sequence of codes, cutting preparation time enormously and similarly reducing message transmission time.

Such messages would be prepared and checked on the terminal display followed by transmission to the switching centre, once the latter has checked the user's right to be on the line. The message is verified and an accept or reject signal sent to the originator. If accepted a log number is assigned, the message is switched over the Western Union land and satellite network to the post office at the receiving end ready for morning delivery.

## Atom

This is a service backed by a large common carrier organisation. Some big companies have started or are starting their own internal services and, interestingly, Combustion Engineering did it without a preliminary study. Late in 1977 it set up a pilot project under the acronym "Atom" for Automatic Transmission of Mail. Not every company could afford to go this far since the CE project is based on an IBM 168 computer costing several million dollars — but it does give CE offices with appropriate terminals the ability to create mail virtually anywhere in the world; or read, scan and forward (with notations) mail sent by others in the network, which gives each participant a secure electronic mailbox.

The pilot scheme is progressing well and includes the

ability for executives who are travelling to use portable terminals and remain in constant day to day touch.

All this is, however, very small beer in face of the all-embracing plans of Satellite Business Systems. This organisation, which first saw the light of day as "CML Satellite Corp" in 1971, will in 1981 have the first synchronous satellite in orbit dedicated entirely to business communications — computer data, audio, video, conferencing and . . . document transmission.

The key to the vigour with which SBS is likely to pursue its goals lies in the fact that in 1974, IBM bought out two of the three original shareholders (Lockheed and MCI Communications). True, the Federal Communications Commission then demanded of IBM and Comsat that they take a third partner, Aetna Life, but the major impetus is coming from the giant computer company with an eye on estimates that U.S. business communications will grow to \$61bn in 1980 and to \$100bn in 1985.

Launch of the first satellite is expected for late 1980, with a full commercial service beginning in 1981. Two satellites will be active with one in reserve on the ground. Capacity of the system will be 43m bits (binary digits) of data per second or the equivalent of 14,000 voice circuits.

The initial target is to sell the idea to over 400 companies in the U.S., following a series of studies of the five services mentioned above, including electronic mail, and of a number of undisclosed applications.

The electronic mail study showed that over the companies examined, some 50 to 80 per cent of documents generated could be captured electronically and 20 to 50 per cent could be facsimiled.

At the same time 50 per cent of company mail was internal to the total organisation while 40 per cent was aimed at other organisations. Of this last share, almost nine-tenths could be handled by satellite.

With several lengthy battles at home, in the meantime, IBM behind it in the U.S., both with the regulatory body (the FCC) and with opponents of any move to dilute line traffic, SBS is extremely guarded in its pronouncements about possible use of the Franco-German traffic to Europe.

But it seems very plain that the question is not "whether" but "when?" Firstly, many of the companies taking the survey in the U.S. will have major affiliates in Europe — some doing more business in the EEC than was achieved.

and Comsat last year carried out a significant experiment to link two computers, 4,000 miles apart, at La Gaudie in France and Gaithersburg in Maryland, using the Franco-German traffic to Europe.

Information was moved at 1.5m bytes of information a second, a rate roughly 300 times as much as can be provided by the ordinary telephone line. An error rate of one digit in 100m more business in the EEC than was achieved.

and State agencies were doing work which would otherwise demand the manual efforts of 400bn clerical workers.

He described the coming problems as belonging to the realm of "gigantics," a realm in which computers are the only solution. While it is hard to escape the feeling that computer begets computer to the nth degree, Dr. Hammer is undoubtedly right in pointing out the vast span of new possibilities computers have opened up.

And, looking at word processing and text editing in particular, he saw these as areas for an especially rapid development in technology, which by the turn of the century could make existing secretarial functions redundant — in the U.S. at present some 10m people are doing work of this type.

The human element would be eliminated through development of high quality text-to-voice and voice recognition equipment — already existing in

The experiments are to be developed a word processing office managers to make a choice. Butler Cox points out that there are 30 suppliers of such devices in Britain with only 7,000 machines installed, or under 2 per cent of the total typewriter population and that the same applies in Europe as a whole. However, it seems display word processors as quickly becoming generally justifiable in intensive use areas regardless of work mix, and even when the work load is not heavy, they will be used for their ability to communicate.

It is significant that part of the original testing was simulated facsimile transmission and that the IBM research and development target in this area of equipment is understood to be a unit that can scan a document at half a second per page.

In Britain, Logica is carrying out a £1m study of the telecommunications scene for the whole of the EEC area and will take some 12 months to present its conclusions. This company has been involved in various aspects of communications and networking for years and won a number of significant data processing contracts on the basis of it.

The company's Tarifica report on telecommunications costs in 13 European countries will provide part of the study basis. And not surprisingly, electronic mail will be one of the main chapter headings. Logica has already

Now that a first European experimental communications satellite has finally been put into orbit, it may be that European PTIs will overcome their aversion to rapid progress and begin to move towards a point where they can meet any SBS competition and provide counter-competition. After all, Canada has longer experience of satellite communication for business uses than even the U.S.

From the first European business communication satellite operating in 1985 or thereabouts to a universal business communications system where key company staff would each have a pocket pager capable of printing or displaying a message from any origin and in complete security, as envisaged by Multitone, is only a short step.

Ted Schoeters

Butler Cox sees the stand-alone versus shared logic debate disappearing because of a merging of the areas over the next two or three years, partly because of the rapid growth in the power of the electronic elements used — higher performance microcomputers with solid-state memories of greater capacity, used either in hard-wired or software-operated form; mini-computers with capabilities virtually indistinguishable from those of large general purpose machines; and mainframes which manufacturers are having to improve to beat off the above competition. Work stations themselves will become multi-functional to cover data entry, information retrieval and problem solving as well as word processing.

In its conclusions, the report says that in 5 years, today's equipment will cost 60 per cent of today's prices which suggests that many businesses would be well advised to move into limited use of display word processors now.

This is, of course, music to the ears of organisations such as Wang, Rank Xerox and Logica, all of whom have concentrated on video typing systems supported by computers. Logica has recently expanded the power of its Union WP equipment, giving it ability to support 16 input screens and keyboards, up to 20 Megabytes of disc storage on-line to the computer and with more powerful discs to come.

Logica claims a cost per station of £6,500 to £9,000 which is less than many stand-alone WP systems, it asserts, yet gives users a 50 to 100 per cent greater productivity increase over conventional office equipment than is possible with stand-alone units. Logica bases this claim on the fact that the shared central machine has inherently superior storage and management ability.

The debate will undoubtedly end when builders of stand-alones offer connectability as a matter of course.

Ted Schoeters

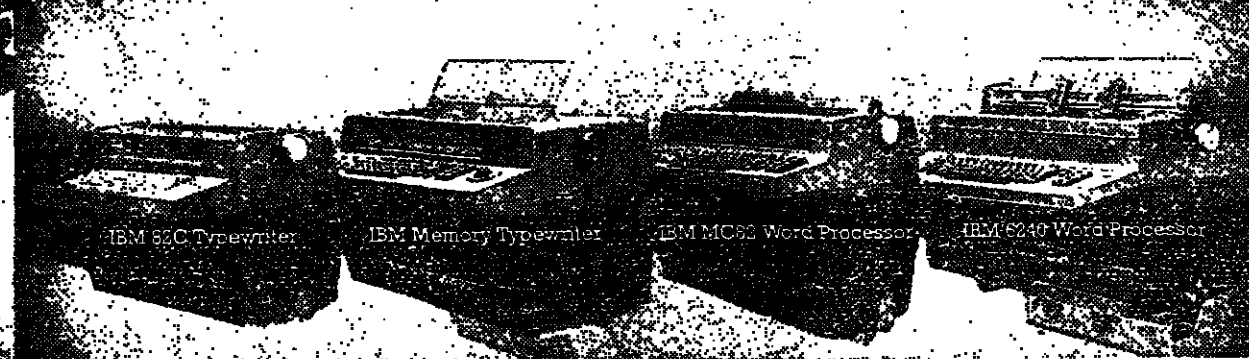
## Necessary growth of computers

to meet the requirements of a large sector in the middle of the market where information retrieval is becoming most important. The company is launching a software package to interface word processing and information retrieval. It has also developed WP machine-to-machine and machine-to-computer communications facilities for its TE5 501, a unit which is helping to solve the EEC's worst headache — its six language translation problems which will not be helped by the addition of communications in Greek, Portuguese and Spanish.

Olivetti marketing experts see a considerable growth potential for electronic typing and believes that, as time goes by, customers will place greater emphasis on the ability of the unit to communicate so that it can function as an electronic mail terminal. In other words its processor will have to become more powerful.

More power is also needed in the study, intended to help

## Emphasis



Work out the cost of your secretary over the life of a typewriter — say seven years — and you're looking at a very hefty figure indeed. Salaries alone will cost you somewhere in the region of £30,000: and that's only at today's rates.

Typing isn't cheap. And it's false economics to assume that a more expensive typewriter is more expensive.

Watch your secretary at work next time you give her a letter to type. Notice how she gets slower and slower as she nears the end. That's because she's wary of making a mistake and having to start again.

See how long she takes to correct a simple error. Watch her retrace what she's already done to underline something. And if it's an old typewriter she's using, watch her stop to rub her poor aching neck muscles after an hour or two.

When we developed our range of electric machines, we watched typists at work day upon day, month upon month, year upon year. Noticed what slowed them down, what irked them. And then spent ages over the keyboard ourselves, eliminating the stumbling blocks.

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## OVERSEAS MARKETS

## INTERNATIONAL BONDS

AS IF the continuing rise in interest rates was not enough, Citibank joined other leading U.S. banks last week in raising its prime rate, the bond market had to face a fall in the value of the dollar against the stronger currencies last week.

There is now only one straight bond on offer in the market, the \$50m private placement for the European Steel and Coal Community.

In the floating rate sector only the \$30m for Arab International Bank remains on offer. This sector of the market did, however, put on a better performance than the straight bond sector.

The two bond prices last week were increased, the \$25m for Banque Worms by \$5m and the \$125m one for National Westminster by \$25m, making it the largest float ever launched in this market. Floating rate notes are usually placed with other banks but in the case of National Westminster good institutional demand was reported by some dealers. Both issues held up well in the secondary market.

Worms was trading at 98.90 on Friday afternoon and National Westminster at 98.80.

The straight sector was weak through a technical rally occurred on Thursday and went on through Friday thanks to a better

than expected performance of the National Westminster straight bond. On Friday it was being traded at 98.90, a price slightly above the limit of the selling group discount.

The only other issue priced during the week was the convertible for Tyco Laboratories, which was increased by \$5m to \$25m. U.S. convertibles are rare animals; but despite this one having its coupon set at the higher end of the spectrum, the conversion price was set at \$21 for a premium of 6.33 per cent over the \$19.50 closing share price on May 31.

It held up well in the secondary market. On Friday Tyco was being traded at 99.00. None of the straight issues priced the week before was doing well in the secondary market.

Canada was quoted at 97.97, AGA at 97.80, while the performance of Dominion Bridge was particularly lacklustre: it had sunk to 96.90 by the end of the week. The weakness of the straight sector also caused the \$80m for Mexico's Comision

Federal de Electricidad to be held over for the second week running.

Fuji Bank will offer \$20m of three-year floating rate certificates of deposit. The issue will be managed by Fuji International Finance and the interest rate will be set at one quarter point above the London inter-bank rate.

The Yankee bond market was also weaker last week: the preference displayed by many investors for shorter term paper was illustrated by the shortening of the maturity of the \$100m bond for Finland, from seven years to five. This enabled the manager to improve the terms offered to the borrower.

In the secondary market, French issues are holding up better than those of some other recent European borrowers, a reflection of the more optimistic perception of the financial and political outlook in France. The terms of the Caisse Centrale de Cooperation Economique are expected to be announced tomorrow.

The dollar's weakness had the usual result of pushing up prices in the Swiss Franc and Deutsche Mark sectors of the market.

Turnover in the latter improved last week, prices moving up by anything from one half to a full point. Better conditions in the domestic bond market in Germany also helped.

Japanese convertibles did particularly well, helped by a risk-

averting Yen and even more important, by the strong performance of the Tokyo stock exchange.

The Sanyo convertible was trading at 100.105 at the end of the week while Sanyo Stores was quoted at 100.101.

A decision on whether to reopen the primary market is expected this week when the sub-committee of the Capital Markets meets in Frankfurt. While most bankers were ruling out a

reopening a week ago, some are now more optimistic.

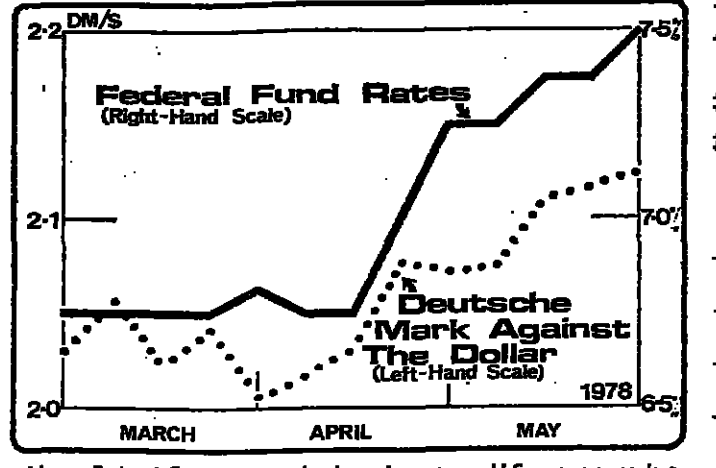
The liquidity in Kuwaiti Dinars is leading to an increase in the number of bonds denominated in this currency and an improvement in the terms

offered to borrowers. Twelve year frequent as witnessed by the two latest bonds, for Banco Nacional de Credito Rural and the Banco Nacional de Algeria. The latter was increased by KD 1m twelve years.

and priced at par. The next bond will likely be for an Algerian borrower, Compagnie Nationale d'Algerie de Navigation: the amount is expected to be KD 10m and the maturity twelve years.

## Falling dollar depresses market activity

BY FRANCIS GHILES



Note: Federal Funds rates, the key short term U.S. money market rates, are those at which banks in the U.S. will lend to each other spare balances they have with the Federal Reserve above the minimum reserve requirement.

## CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %
U.S. DOLLARS							
U.S. Steel	50	1993	5	8	100	Goldman Sachs	8.5
U.S. Steel	20	1983	5	8	100	Goldman Sachs	8.5
U.S. Steel	75	1998	13	8	99.4	Dillon Read	9.07
U.S. Steel	100	1983	5	8	100	Solomon Bros.	8.5
U.S. Steel	25	1988	10	8	99.2	Kidder Peabody	8.5
U.S. Steel	60	1986	8	8	99.2	Int. Ban. S. Paolo	8.42
U.S. Steel	75	1986	8	8	100	County CSWW, Orion	9.0
U.S. Steel	150	1998	12	8	100	County, CSWW, Orion	5.58
U.S. Steel	30	1985	7	8	100	CSWW, First Chicago	5.83
U.S. Steel	30	1983	5	8	100	UBAF	8.25
U.S. Steel	50	1987	9	8	99.2	Banca Com. Italiana	8.79
YEN							
U.S. Steel	15bn	1993	12.3	6.3	99.2	Nikkei Sec.	n.a.
KUWAITI DINARS							
U.S. Steel	8	1985-90	—	8.2	100	KIC	8.25
SWISS FRACS							
U.S. Steel	20	1990	n.a.	5	*	Banque Scandinave en Suisse	*
SAUDI RYALS							
U.S. Steel	200	1983	5	8.2	100	UBAF	8.25



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# FINANCIAL TIMES

Monday June 5 1978

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## FT Monthly Survey of Business Opinion

### Shortages of skills are growing, says industry

MANY INDUSTRIAL companies in the past four months expect to make do with the difficulties in recruiting staff, same or a smaller labour force. The complaints range from over the next 12 months.

Apart from the level of demand and the difficulty of finding people with suitable skills, the main factors influencing forward manpower requirements are said to be the cost of redundancy payments and the effect of other employment legislation.

On this last point, it is said that one now has to be much more certain of an upturn before taking on more labour. There is no sign as yet of a belief that inflation will start accelerating again in the autumn and winter. The median forecast increases for wage costs, total unit costs, and output prices remain fairly steady in the 10-13 per cent range.

The outlook for industrial investment also remains encouraging, with over half the latest all-industry sample expecting to spend more in volume during the next 12 months.

This is in spite of a noticeable reduction in optimism about the general business situation and the prospects for the UK economy. UK and other sectors re-surveyed last month—electrical engineering, cars and consumer durables, and stores and consumer services—are hoping for a further recovery in profitability. But the rest of industry is much less sanguine about profits; and most sectors are less optimistic about maintaining the recent growth in export volume.

All in all, the outlook is dominated by the slow recovery of both the UK and other industrial economies, plus growing uncertainty about the next phase of pay policy and the approach of a general election. Details, Page 28

#### EARNINGS ON CAPITAL

Those expecting earnings during current year to:	4 monthly moving total				May 1978			
	Feb.-May	Jan.-Apr.	Dec.-Mar.	Nov.-Feb.	Feb. Eng's	Mar. Durable	Apr. Stores	May
Improve	43	36	41	32	73	82	87	87
Remain the same	27	37	28	24	—	—	—	—
Contract	27	25	28	38	27	12	13	—
No comment	3	2	3	6	—	—	—	—

### Labour rebels demand veto on EEC decisions

BY RUPERT CORNWELL, LOBBY STAFF

LABOUR's powerful anti-EEC faction is stepping up pressure to make sure that the party's next election manifesto contains a commitment to veto Brussels decisions affecting the UK.

This threat of yet more wrangling over Europe inside Labour ranks became clear at the weekend after a series of meetings culminating in that of the Safeguard Britain Campaign—highlighted by an appeal from Mr. Enoch Powell to voters to support only those candidates explicitly opposed to Community membership, whatever their party.

Mr. Powell's speech, in which he accused Labour of "cynicism and immorality" in dropping its anti-Market line in Government, was not thought likely by most MPs to be particularly significant in electoral terms.

### Europe seats plan for Scotland

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE LABOUR PARTY could win as many as six of the eight European parliamentary seats in Scotland when direct elections are held next year.

The Boundary Commission's proposals for the new European constituencies were published yesterday. Those for England and Wales were announced two weeks ago.

Four European constituencies in the central industrial belt of Scotland, where more than half the electorate lives, are virtually safe for Labour.

They are Glasgow, where the party holds 11 of the 13 Westminster seats, East and West Strathclyde, and the Lothians, which includes Edinburgh.

In addition, Labour has a good chance of beating off the challenge of the Scottish National Party in Mid-Scotland and Fife, and of taking South Scotland—although that could produce a close contest between Labour, the Conservatives and the SNP.

On the basis of the October 1974 General Election results the Nationalists would comfortably take the remaining two seats: North of Scotland, which includes most of the Highland area and the islands, and North-East Scotland.

But the recent slump in SNP fortunes gives hope to the Tories here.

Mr. George Reid, SNP MP for Clackmannan and East Stirlingshire said yesterday that Scotland deserved more than eight European seats. Among EEC members with smaller populations, Denmark had 16 seats, Ireland 16 and Luxembourg six.

Mr. Russell Johnston, Liberal MP for Inverness, a prospective candidate for the European election, said the proposals supported the Liberal aspiration that Scotland should be one constituency returning eight members by proportional representation.

The Liberals hold three Westminster seats in Scotland, but are unlikely to win any European seats there. The average size of each Scottish European constituency is 473,000 voters.

Today is the first day that shares of Alcan Aluminium (UK) will be quoted on the London stock market. This follows conversion by British holders of most of the 9 per cent convertible loan stock.

The conversion last month means that 16 per cent of the equity of Alcan Aluminium (UK) is in British hands. The Stock Exchange agreed on Friday to grant a listing.

The shares are expected to be quoted this morning at more than 150p each, the closing price of the unconverted loan stock on Friday.

This would value the company at £671m and the British equity interest at £107m. It will be the largest direct stake in the

### Renault strikes challenge French incomes policy

BY DAVID CURRY

PARIS, June 4.

STRIKES AND sit-ins by workers at two of the Renault motor company's plants are threatening to turn into the first big challenge to the French Government's post-election incomes policy.

Renault has lost no time launching a counter-offensive against the strike—a small minority of the work force at each factory.

It has broken off the current round of negotiations with unions on working conditions and careers structure and is closing the Flins plant where about 400 workers in the heavy press shop are on strike for the first three days of the week.

The closure—described by the company as a postponement of work and by the unions as a lock-out—will affect 18,000 production workers at the factories, to the west of Paris.

The company is also seeking a court injunction ordering evacuation of strikers at the engine and gearbox factory at Cléon, near Rouen, for alleged interference with the right to work. About 300 workers are occupying the plant which employs 8,000.

The attitude of the regular trade union leadership is equivocal. The Communist-led CGT, traditionally the most militant union at Renault, has called on the management to resume negotiations immediately, but the company said it would not do so while the strike continued.

Until they find out to what extent the grievances of the men on strike reflect wider discontent on the shop floor, the unions are treading carefully.

Workers are being urged by the CGT to turn up at the Flins plant tomorrow in any case and the union is testing the temperature at other plants about sympathy action.

The strikers' main claims are for a minimum FFR 3,000 (£360) monthly salary, a 40-hour week with 35 hours for people on the more exacting jobs, a fifth week's annual paid holiday and retirement at 60. There are further demands relating to the conditions in each plant.

Renault is regarded as a weather-cock of industrial relations in France with a militant tradition among the workforce.

The Government has no choice but to offer battle if it wishes to make its wages policy—to permit the bulk of wage-earners to keep abreast of the rise in the cost of living—stick.

The next few months will be a critical period for the Government's attempt to win acceptance of its economic strategy. Its policy of increasing public sector tariffs to reduce state subsidies and the restoration to two companies of industrial price freedom will result in sharp increases in the monthly cost of living index.

Turkish plans, Page 3

### Banking figures test for new targets

BY MICHAEL BLANDEN

THE first test of the Government's monetary policy under the new targets set for the current financial year will come tomorrow with publication of the mid-May banking figures.

The gilt-edged market has remained unsettled since publication of the April money supply figures. They showed that over the year to mid-April—the relevant period for the purposes of monetary policy—growth of the sterling money stock on the wider definition (M3) was 18.4 per cent.

This was well over the top of the Government's target range for the year of 9-13 per cent. For the new financial year the target has been slightly reduced to a range of 8-12 per cent.

Mr. Healey, the Chancellor, warned in his Budget speech that growth of money supply might be relatively high in the early months.

Tomorrow's banking figures for the first month of the new year will therefore be examined with close interest in the City, with concern that the difficulties recently experienced by the authorities in selling gilt-edged stocks may again produce a high money supply growth figure.

Indicators of the general health of the economy include the final April figures for retail sales to be published tomorrow. So far this year they have been showing signs of a significant improvement.

The forecasts of industry's investment intentions for the current year and next year, due today, could, however, be less encouraging. These pointers have been revised downwards from the optimistic views expressed last year, and they will come against background of the drop in capital spending by manufacturing industry recorded in the first three months of this year.

David Fread writes: An attempt by back-bench MPs to win the means of overseeing public expenditure is likely to come to a climax next month in a full-scale Commons debate.

MPs want to strengthen the role of the Comptroller and Auditor General so that he becomes responsible for ensuring the efficiency of most state-run organisations. At the same time, they want him to become a member of the House of Commons staff.

Clash over the official audit Page 16

### NEDC will discuss overseas investment

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

OVERSEAS investment by UK companies is to be raised once more when Ministers, trade unionists and managers meet at the National Economic Development Council on Wednesday.

The subject is of interest to some trade unionists and NEDO has been studying the possible effects on domestic investment and employment.

During the latest stage, the various tripartite sector working parties involved in their industrial strategy programme have been asked to give their views.

As with previous studies, the latest exercise has apparently shown that overseas investment does not necessarily compete with UK investment, damage em-

ployment prospects, or hit exports—indeed exports can actually be stimulated by some overseas investment projects.

The NEDO study throws little light on the question of why so many UK concerns invest overseas compared with their competitors in Japan and West Germany.

Much of Wednesday's meeting will be taken up with a discussion on UK energy policy. Mr. Bernard Asher, at his last meeting before moving back to private industry after a period as acting director general of NEDO, will present a paper on Industrial Implications of the Energy Policy.

The parent company, Alcan Aluminium of Canada, seriously considered buying in the loan stock. The British subsidiary has had difficult times but recently its heavy capital investments have come good.

Last year, the pre-tax profit was £24.7m after £10m the year before and a loss of £5.9m in 1976. Demand has caught up with capacity in the industry.

The Alcan (UK) operation goes from the smelter to aluminium semi-fabrication and finished products.

## THE LEX COLUMN

### Not such a saving at Equity Bank

An organisation with the title Equity Capital for Industry ought to be a little more precise in its remarks about equity finance. For what has emerged from the ECI annual report last week—though more from the accompanying Press briefing than from the document itself—is the claim that the Equity Bank is prepared to offer companies finance "cheaper" than rights issues which for small companies may have to be launched on a discount of 25 per cent or more. In contrast, ECI may be prepared to take up a line of shares at a discount of under 10 per cent (as little as 6 per cent in the trail blazing case of UBM last year).

But some careful thinking is needed about just what is cheap or dear in these circumstances, and to whom. The first point is that size of the discount in a rights issue is not a factor in the cost from the shareholder's point of view, so long as existing shareholders take up their rights. That is why there has always been an argument, too rarely accepted, for really deep discounted rights issues which avoid the need for underwriting. But any discount, however small, given away to outsiders through a placing represents a real cost to existing shareholders unless they are unwilling to put up the same aggregate sum through a rights issue (at any price).

So long as ECI confines its attentions to situations where conventional rights issues are difficult, there will be no conflicts of interest. Controlling families may not be able to put up new money for instance. But it would be unfortunate if ECI were to encourage management in the notion that it offers a cheaper alternative when the conventional rights issue route is open to a company—especially as, to an ever increasing extent, ECI's own shareholders are likely to be important shareholders in the company.

For years the British private investor has been running down his equity portfolio. His logic cannot be faulted in the face of profit controls on companies, restrictions on the growth of dividends, and substantial tax incentives directing savers towards the institutions. But the political climate need not always be like this. Even now, in France, the Government is

in the process of putting forward radical tax measures designed to expand the role of the small shareholder in industry.

The proposed measures fall into three categories. Most exciting perhaps is the proposal to allow households income tax relief until 1981 of FFR 5,000 (£650) annually for investment in shares. There is to be an additional relief of FFR 500 a year for each of a family's first two children, and

of total new issues of FFR 50 only 16 per cent was accounted for by increases in equity finance.

But it is not going to be so easy to turn the property-owning French into a nation of equity investors. At present only 35 French individuals are shareholders, against seven in the U.S., or one in the U.K. And a proportion of gross savings equity investment has fallen off considerably in recent years. Nevertheless, less than 1 per cent in 1976.

Other aspects of the French wider share ownership plan include draft legislation requiring quoted companies to publish consolidated accounts—most are already doing so—and more detailed disclosures in annual reports.

Company sector Brokers, Phillips and Drew are a little annoyed at a Danish manner in which the latest company sector forecasts have been received. For although they are projecting a sharp widening of the industrial and commercial company sector deficit from this year to £3.5bn in 1979, they claim that this does not mean a comparison with a £4.5bn deficit of 1974 which now, initially, concerned the industry, mainly with the leisure, beer, market. The figures, incidentally, are P. & D.'s adjusted version of official statistics, with North Sea and overseas items eliminated as far as possible to make the numbers more relevant to the non-oil UK company sector.

The point is that such has been the extent of inflation over the past few years that a deficit of this projected size in 1979 would only be about two-thirds as large as the 1974 deficit in relation to money gross domestic product. So while there are implications for credit demand, net demand for money is estimated to rise from £1.5bn in each of the years 1977 and 1978 to £2.7bn in 1979. In relative terms this is a great problem.

It does, it is true, become more serious threat if the Government refuses to make room for the private sector credit needs. In fact, P. & D. are bullish about equities at present, because they are looking for further rises in interest rates. But the company sector deficit, on their reading, is not a cause for immediate concern.

French shares For years the British private investor has been running down his equity portfolio. His logic cannot be faulted in the face of profit controls on companies, restrictions on the growth of dividends, and substantial tax incentives directing savers towards the institutions. But the political climate need not always be like this. Even now, in France, the Government is

subject to a gains tax of only 15 per cent up to a maximum limit of FFR 100,000.

These highly appealing incentives come as part of a major French Government effort to reshape the country's industrial balance sheet where the ratio of debt to equity capital is now thought to be seriously out of line. In 1977, for example, out

## Weather

### UK TODAY

COOLER, cloudy with showers. London, S. England, E. Anglia, Midlands, S. Wales, Channel. Sunny intervals, scattered showers. Max. 19C (66F).

8 Cent. N. England, Borders. Fog inland, clearing. Bright intervals with showers. Max. 16-18C (61-64F).

N. Wales, N.W. England, Lakes, I. of Man, S.W. Scotland, N. Ireland. Cloudy, showers. Max. 17C (63F).

Edinburgh, Dundee, Glasgow, Cent. Highlands, Argyll, N.W. Scotland. Cloudy, rain with thunderstorms. Max. 15C (59F).

Aberdeen, Moray Firth, N.E. Scotland, Orkney, Shetland. Dry, becoming cloudy with rain. Max. 13C (55F).

Outlook: Showers and sunny intervals.

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## Questions answered about your Will

Q: In these days it is hard to estimate what I may have to leave when the time comes. I want to be fair to close relatives, but I also want to benefit a cause close to my heart. How can I best ensure both?

A: Most of us have a similar problem with inflation. The sensible course is probably to leave fixed proportions of your estate to the individuals you wish to remember—say 20% to one, 15% to another and so on—and then the residue to the cause you wish to help.

Q: I wish to remember old people, since they seem certain to be in continued need; but their needs may change. How can I anticipate what they may be?

A: Help the Aged has a justified reputation for keeping well abreast of the needs of old people; and has pioneered a great deal of much-needed work for lonely, sick, hungry and despairing old people. Their trustees are especially careful to make maximum use of volunteers in daily touch with the elderly, thereby ensuring the most practical response to need and obtaining the utmost value for each benefit.

They publish two useful guides for those considering their wills; and I often commend these to clients to study in advance of consulting me. Copies may be obtained free on request by writing to: Hon. Treasurer, The RL Hon. Lord Maybray-King, Help the Aged Room, 171, FLEET STREET, LONDON WC2E 7JZ (No stamp needed).

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